
Meeting: Corporate Resources Overview and Scrutiny Committee
Date: 22 October 2013
Subject: Quarter 1, 2013/14 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 June 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:-

11. **Note and Consider the report.**

Executive Summary

12. The report sets out the Period 3 Forecast outturn position as at 30th June 2013.
13. **Introduction and Key Highlights (Appendix A2)**
14. The full year budget for the directorate of £38.952m is made up of:
- Corporate Resources £11.879m
 - Improvement & Corporate Services £16.839m
 - Corporate Costs £14.729m
 - Contingency & Reserves (£4.496m)
15. The directorate outturn position is a pressure of £154k after movement to and from earmarked reserves.
16. The key outturn variances identified are:
17. £49k pressure in Improvement & Corporate Services Director due to revenue costs for SAP Optimisation project expected to be higher than the reserve in place to fund it.
18. £509k pressure within Legal Services, due to unbudgeted posts as a result of restructure (£229k), unachievable vacancy factor (£51k), increase Children's Services cases (£247k) and unbudgeted Copyright Licence (£60k). These are partly mitigated by additional Local Land Charge income (£50k) and lower than budgeted members' allowances (£30k).
19. A £221k under spend within Assets, largely resulting from additional income of £692k from the farms estate, £133k from offices and £97k from the investment portfolio. This is partly offset by pressures of £320k within consultancy costs, £171k within day to day maintenance costs, £100k within property rental costs and £100k pressure against an efficiency within the Capital Team operation.

20. There is a forecast reduction within interest payable, of £200k, as a result of borrowing levels being lower than budgeted.
21. £35k saving in Cross Cutting Efficiencies. There was a £380k saving due to unused superannuation increase budget provision, the benefit of which has been reduced by an unachievable prior years' Channel Shift efficiency of £345k.
22. **Year To Date (YTD) Variance Position as at Period 3**
23. The YTD Department spend is currently £0.136m under the profiled YTD budget. Some of the material amounts that have been identified as contributing to this under spend are:
 24. There is a YTD under spend of £103k in Revs & Bens. This is due to receiving additional grants from Central Government for which the spend will happen later in the year (-£49k). There is also some staff savings due to vacant posts (-£29k) and other small under spends (-£25k).
 25. Within Housing Benefit Related Transactions there is a YTD pressure of £239k. This is due to the actual HB payments made so far this financial year being higher than the initial estimates used to create the 13/14 budget.
 26. There is a YTD under spend in Facilities & Maintenance of £173k. This is due to lower costs within facilities of £43k, repairs of £41k, additional income of £50k & lower salary costs of £39k. Some of these costs impact the forecast outturn and the figures have been adjusted accordingly.
 27. There is YTD pressure of £107k in Legal Services, this is mainly made up of pressures around unbudgeted posts as a result of the restructure and continued pressures around child care cases.
 28. There is a YTD under spend of £105k within Democratic Services. This is made up of higher than budgeted Local Land Charges income and staff saving totalling £60k, and within Registration of Electors there is £45k mainly due to Canvass fees and postage charges which is expected to spent later in the year.
 29. Within Debt Management there is a YTD under spend of £155k. This is due to Interest Payable for the first quarter being lower than budgeted (-£126k) and Interest Receivable being higher than budgeted (-£29k).
 30. There is a YTD under spend of £100k within Cross Cutting Efficiencies. This is due to surplus in the additional budget provided for the 2% increase in 13/14 Superannuation costs (-£95k). There has also been more savings generated from staff purchase of annual leave than budgeted (-£5k).
31. **Directorate Overall position**
32. The position by service is included in Appendix A2
33. **Narrative- Corporate Resources (note 35 to 53), forecast outturn**
£11.658m. (All forecasts are after use of Reserves)
34. **Chief Executive**
35. Outturn forecast to be on budget of £493k. No material variances currently expected.

36. **Finance, forecast outturn £4.820m.**
37. **Revenues & Benefits, forecast outturn £1.219m.**
38. Revs & Bens Team Budgets - Forecast outturn to be on budget of £1.631m. No material variances currently expected.
39. Housing Benefit Related Transactions – Forecast outturn to be on budget of - £412k. No material variances currently expected.
40. **Chief Finance Officer, forecast outturn £0.054m**
41. Forecast outturn to be on budget of £0.054m. No material variances currently expected.
42. **Financial Control, forecast outturn £1.434m**
43. Forecast outturn expected to be on budget of £1.434m after the use of reserves.
44. £252k risk within Insurance Services due to unachievable income budget. This is mainly due to providing services to fewer schools as more become Academies. This has been included in the Risks and Opportunities schedule (Appendix D) as there is a risk that the pressure will not be able to be mitigated by savings in other areas.
45. **Financial Performance & Support forecast outturn £1.439m**
46. Forecast outturn to be on budget of £1.439m. No material variances currently expected.
47. **Audit forecast outturn £0.674m**
48. Forecast outturn to be on budget of £0.674m. No material variances are currently expected.
49. **Assets, forecast outturn £6.346m.**
50. Corporate Assets, forecast outturn expected to be £0.896m resulting in a forecast under spend of £489k. This is resulting from additional farms income of £692k and additional income from the Estates portfolio of £97k, with pressures around consultancy costs of £200k and an unachievable efficiency of £100k for Capital Team staffing.
51. Chief Asset Officer, forecast outturn expected to be £0.044m causing a pressure of £131k. The main variance being £120k for the E C Harris transformation costs & £11k other staff related costs.
52. Facilities & Maintenance, forecast outturn expected to be £5.406m causing a pressure of £138k. This is due to additional unbudgeted property rental costs (£100k), increased demand for day to day repairs and maintenance (£171k), partly offset by additional income from office lettings and increased recharges in the Facilities & Maintenance area (£133k).
53. **Narrative- Improvement and Corporate Services (notes 55 to 79), forecast outturn £17.449m (All forecasts are after use of Reserves)**
54. **Improvement & Corporate Services Dir, forecast outturn £0.049m.**

55. Forecast Outturn is currently a pressure of £49k after use of reserves. This is due to revenue costs for SAP Optimisation project expected to be higher than the reserve in place to fund it.
56. **Communications, forecast outturn £0.688m.**
57. Forecast pressure of £12k after the use of reserves, key variance being:
58. £12k pressure for unachievable vacancy factor.
59. **Customer Services, forecast outturn £1.680m.**
60. £280k risk within Customer Services due to unachievable staffing efficiencies. This has been included in the Risks and Opportunities schedule (Appendix D) as there is a risk that the pressure will not be able to be mitigated by savings in other areas.
61. **Programme and Performance, forecast outturn £0.556m.**
62. **Operational** - Forecast outturn to be £0.457m. Forecast pressure of £24k after the use of reserves, key variance being:
63. £24k pressure for unachievable vacancy factor.
64. **Non Operational** – Forecast outturn to be on budget of £0.098m. No material variances currently expected.
65. **Policy and Strategy, forecast outturn £0.292m.**
66. Forecast outturn to be on budget of £0.292m. No material variances currently expected.
67. **Customer Insight and Risk, forecast outturn £0.127m.**
68. Forecast outturn to be on budget of £0.127m. No material variances currently expected.
69. **Procurement, forecast outturn £0.389m.**
70. Forecast pressure of £19K, this is as a result of vacancy factor savings not expected to be achievable.
71. **People, forecast outturn £2.730m.**
72. Forecast under spend of £2k after the use of reserves, key variance being:
73. £24k pressure within Organisational Development due to Organisational Change Support provided by external consultants and a forecast under spend of £26k within staff costs in HR Strategy.
74. **Information Assets (IA), forecast outturn £6.637m.**
75. Forecast outturn to be of £6.637m. No material variances currently expected
76. **Legal & Democratic, forecast outturn £4.300m.**
77. Forecast pressure of £509k after the use of reserves, key variance being:
78. £593k pressure within Legal Services, of which £229k is due to unbudgeted posts as a result of restructure, £51k pressure for unachievable vacancy factor, £247k due to increase Children's Services workload including increase costs for court fees of up to 50% and £60k pressure for unbudgeted Copyright

Licence, £50k under spend in Democratic Services as a result of additional Land Charge income and lower members' costs of £30k.

79. **Narrative – Corporate Costs (notes 81 to 84), forecast outturn £14.495m. (All forecasts are after use of Reserves).**
80. **Corporate Costs, forecast outturn £14.495m.**
81. Forecast outturn to be £14.495m resulting in a £235k under spend. This is in Cross Cutting Efficiencies. There was a £380k saving due to unused superannuation increase budget provision, the benefit of which has been reduced by an unachievable prior year's Channel Shift efficiency of £345k. Additionally, there is a forecast under spend of £200k against interest payable as a result of borrowing being lower than budgeted.
82. **Contingency & Reserves, forecast outturn (£4.496m).**
83. Forecast outturn to be on budget of (£4.496m). No material variances currently expected.
84. **Reserves position (Appendix B)**
85. The proposed Year End Earmarked Reserves are detailed in Appendix B.
86. **Debt Management (Appendix C)**
87. Overall debt has reduced by £232k in the month to £716k. Of this there is £318k which is not yet due representing 44% of the overall debt. There is currently £347k that is over 90 days old; this represents 48% of the current total debt.
88. A summary of debt ageing is appended.
89. **Risks and Opportunities (Appendix D)**
90. The current net risk position is a pressure of £607k. There is a possible risk of £355k within Customer Services, £280k due to unachievable Customer First efficiencies and £75k in respect of the relocation of the Customer Contact Centre as part of the YourSpace 2 project. There is also a possible risk of £252k within the Insurance Service due to an expected reduction in income from schools due to more achieving Academy status. The risk for these pressures is that savings might not be able to be found in other areas to mitigate them. More detail is included in Appendix D.

Appendices:

Appendix A1 Council Summary

Appendix A2 Directorate Position analysed by service

Appendix A3 First quarter variance

Appendix B Earmarked Reserves

Appendix C Debt Analysis