
Meeting: Corporate Resources Overview and Scrutiny Committee
Date: 17 December 2013
Subject: Quarter 2, 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 September 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.**

12. **Executive Summary**

13. The report sets out the Period 6 Forecast outturn position as at 30th September 2013.

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

15. The full year budget for the directorate of £40.051m is made up of:

- Corporate Resources £11.405m
- Improvement & Corporate Services £17.634m
- Corporate Costs £14.244m
- Contingency & Reserves (£3.232m)

16. The directorate outturn position is an underspend of £429k after movement to and from earmarked reserves.

17. The key outturn variances identified are:

18. There is an overall saving of £104k in Finance. This is made up of a pressure of £357k in Insurance income as a result of providing services to fewer schools as more become Academies. This pressure has been mitigated in whole by savings in a number of areas: £225k saving in Insurance due to reduced premiums; £50k saving in Financial Performance & Support due to lower than budgeted staff costs; £34k saving in Audit staff costs as a result of vacancy savings and a team member on long term sickness; £148k saving in Revenues and Benefits as a result of receiving unbudgeted grant from central government for Welfare Reform.

19. A £239k under spend within Assets, largely resulting from additional income of £692k from the farms estate, £133k from offices and £116k from the investment portfolio. This is partly offset by pressures of £331k 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. £48k 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.
21. £490k pressure within Legal Services, due to unbudgeted posts as a result of restructure (£159k), unachievable vacancy factor (£51k), increase Children's Services cases (£227k) and unbudgeted Copyright Licence (£60k). These are partly mitigated by higher than budgeted Local Land Charge income (-£50k), lower than budgeted members' allowances (-£30k) and savings within Education Appeals (-£42k).
22. In Corporate Costs there is a forecast reduction of interest payable (-£300k), as a result of borrowing levels being lower than budgeted. There is also a forecast reduction of Minimum Revenue Provision (MRP) of £317K. This is due to a lower than budgeted spend on the Authority's Capital Programme in 2012/13.
23. There is an expected underspend in historic Premature Retirement Costs (PRC) of £124k. The amounts charged for the scheme are expected to be lower than budgeted for the year.
24. £226k pressure in Cross Cutting Efficiencies. There was a £380k saving due to unused superannuation increase budget provision, the benefit of which has been negated by unachievable prior years' Channel Shift efficiency of £145k and unachievable 13/14 Customer First Efficiencies £461k.
25. **Year To Date (YTD) Variance Position as at Period 6**
26. The YTD Department spend is currently £1,014k under the profiled YTD budget. Some of the material amounts that have been identified as contributing to this under spend are:
27. There is a £298k YTD under spend in Revs & Bens mainly caused by additional unbudgeted grant received from Central Government. This funding was given to assist with the extra workload caused by Welfare reform changes from April 2013.
28. There is a YTD under spend of £277k in Corporate Assets. The main variance is £312k for additional aggregate recharges for County Farms to Bedford Borough.
29. There is an YTD overspend of £145k for the Chief Assets Officer. This is due to consultancy costs for the PACE project.
30. There is YTD pressure of £290k 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.
31. There is a YTD under spend of £222k within Democratic Services. This is made up of higher than budgeted Local Land Charges income of £105k, within Registration of Electors there is a £79k under spend mainly due to Canvass fees and postage charges which is expected to be spent later in the year. There is also a £38k under spend on general staff budgets.
32. Within Debt Management there is a YTD under spend of £494k. This is due to

- Interest Payable for quarters 1 and 2 being lower than budgeted (-£275k) and Interest Receivable being higher than budgeted (-£61k). There is an under spend of £158k due to the Minimum Revenue Provision requirement being less than budgeted.
33. There is a YTD underspend of £202k within Cross Cutting Efficiencies. This is mainly as a result of unused Superannuation increase budget.
34. **Directorate Overall position**
35. The position by service is included in Appendix A2
36. **Narrative- Corporate Resources (note 37 to 58), forecast outturn £11.062m, forecast underspend of £343k (All forecasts are after use of Reserves)**
37. **Chief Executive**
38. Outturn forecast to be on budget of £299k. No material variances currently expected.
39. **Finance, forecast outturn £4.780m.**
40. **Revenues & Benefits, forecast outturn £1.135m.**
41. Revs & Bens Team Budgets – Underspend of £148k mainly due to unbudgeted grant received from Central Government for additional costs incurred as a result of Welfare Reform.
42. Housing Benefit Related Transactions – Forecast outturn to be on budget of -£412k. No material variances currently expected.
43. **Chief Finance Officer, forecast outturn £0.120m**
44. Chief Finance Officer, forecast outturn £0.120m. An under spend of £4k as a result of superannuation savings.
45. **Financial Control, forecast outturn £1.566m**
46. Forecast pressure of £132k after the use of reserves, key variance being:
47. £132k pressure within Insurance Services due to unachievable income budget £357k as a result of providing services to fewer schools as more become Academies and £225k saving as a result of a reduction in Insurance Premiums. This is linked in with Council policies covering fewer buildings & staff as more schools become academies.
48. Financial Control, forecast outturn expected to be on budget of £737k.
49. Income and Sundry Debt, forecast outturn expected to be on budget of £259k.
50. **Financial Performance & Support forecast outturn £1.319m**
51. There is a net under spend of £50K. The main variances are a result of staff vacancies, a reduction in expenditure on agency engagements, a number of staff not being in the local government pension scheme, a reduction in market rate supplement and car mileage & allowances being lower than originally budgeted.
52. **Audit forecast outturn £0.640m**

53. There is a net under spend of £34k expected within Internal Audit. The main variances are a result of vacancy savings and a long term staff sickness.
54. **Assets, forecast outturn £5.983m.**
55. There is a net under spend of £239k forecast within Assets, the main variances being:
56. Corporate Assets, forecast outturn of £798k resulting in a forecast under spend of £608k. This is due to additional farms income of £692k and additional income from the Estates portfolio of £116k, with pressures around consultancy costs of £200k including an unachievable efficiency of £100k for Capital Team staffing.
57. Chief Asset Officer, forecast outturn of £234k causing a pressure of £231k. The main variance being £220k for transformation costs & £14k other staff related costs.
58. Facilities & Maintenance, forecast outturn of £4,950k 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).
59. **Narrative- Improvement and Corporate Services (notes 60 to 87), forecast outturn £17.968m, forecast pressure of £429k. (All forecasts are after use of Reserves)**
60. **Improvement & Corporate Services Dir, forecast outturn £0.243m.**
61. Forecast Outturn is currently a pressure of £48k 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.
62. **Communications, forecast outturn £0.895m.**
63. Forecast pressure of £8k after the use of reserves, key variance being:
64. £12k pressure for unachievable vacancy factor.
65. **Customer Services, forecast outturn £1.940m.**
66. Forecast pressure of £17k, due to vacancy savings not being met in full.
67. **Programme and Performance, forecast outturn £0.565m.**
68. **Operational** - Forecast outturn to be £0.440m. Forecast pressure of £6k after the use of reserves as a result of unachievable vacancy factor.
69. **Non Operational** – Forecast outturn to be on budget of £0.125m. No material variances currently expected.
70. **Policy and Strategy, forecast outturn £0.160m.**
71. Small under spend of £5k currently expected due to savings on staff costs.
72. **Procurement, forecast outturn £0.371m.**
73. No material variances identified.
74. **People, forecast outturn £2.714m.**

75. Forecast pressure of £6k after the use of reserves, key variance being:
76. £35k pressure within Organisational Development due to Organisational Change Support provided by external consultants, a forecast under spend of £17k within staff costs in HR Strategy and forecast under spend of £14k within Occupational Health due to a change in service provision.
77. **Information Assets (IA), forecast outturn £7.066m.**
78. There is a £30k pressure expected as a result of an unachievable income target for Internal Training Course fees.
79. **Legal & Democratic, forecast outturn £4.110m.**
80. Forecast pressure of £318k after the use of reserves, key variance being:
81. £490k pressure within Legal Services, the significant items being £159k due to unbudgeted posts as a result of restructure, £51k pressure for unachievable vacancy factor, and £227k due to increase Children's Services workload and increases of up to 50% in court fees, together with unbudgeted Copyright Licence costs of £60k.
82. £42k savings within Education Appeals due to bring service in house and support from DSG grant.
83. £84k savings in Democratic Services as a result of additional Land Charge income of £50k and £34k staff savings.
84. £30k savings within Members' Costs, due to not all members in the pension scheme.
85. £16k savings within Committee Services due to reapportioning of staff costs to Education Appeals.
86. £14k pressure in Registration Services due to one off pressure for Chip and Pin service.
87. £15k savings within Coroner Services due to recruitment of new Coroner.
88. **Narrative – Corporate Costs (notes 89 to 95), forecast outturn £10.498m. Forecast underspend of £515k. (All forecasts are after use of Reserves).**
89. **Corporate Costs, forecast outturn £13.730m.**
90. Forecast under spend of £515k.
91. There is a forecast under spend of £300k against interest payable as a result of borrowing being lower than budgeted as interest rates remain at historically low levels and in addition, the Council's own cash balances are reducing at a slower rate than previously estimated which defers the need to undertake any new borrowing. Following the completion of the external audit in respect of 2012/13, the Minimum Revenue Provision charge for the current year has been finalised resulting in a forecast under spend of £317K against the original budget estimate.
92. Within Premature Retirement Costs (PRC) there is an expected underspend of £124k
93. There was a £380k saving due to unused superannuation increase budget provision, the benefit of which has been negated by an unachievable prior

- year's Channel Shift efficiency (£145k) and unachievable Customer First Efficiencies from other Directorates (£461k).
94. **Contingency & Reserves, forecast outturn (£3.232m).**
 95. Forecast outturn to be on budget of (£3.232m). No material variances currently expected.
 96. **Reserves position (Appendix B)**
 97. The proposed Year End Earmarked Reserves are detailed in Appendix B.
 98. **Debt Management (Appendix C)**
 99. Overall debt has increased by £196k in the quarter, wholly as a result of an increase in the debt under 30 days. Of the total debt figure of £912k there is £168k which is not yet due representing 18% of the overall debt. There is currently £340k (£347k in Q1) that is over 90 days old; this represents 38% (48% in Q1) of the current total debt.
 100. A summary of debt ageing is appended.

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