

**POLICY AND RESOURCES SCRUTINY COMMITTEE –
3RD MARCH 2009**

**SUBJECT: BUDGET MONITORING 2008/09 – CORPORATE SERVICES AND
MISCELLANEOUS FINANCE**

REPORT BY: DIRECTOR OF CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To provide information to Members relating to the budget for 2008/2009 for Corporate Services Directorate including Miscellaneous Finance.

2. SUMMARY

- 2.1 The report projects the anticipated final outturn for these Services based upon expenditure and income trends for the first seven months of the year. The report will highlight any significant variances from the original estimates and tables showing the variances for each of the services are included as appendices.

3. LINKS TO STRATEGY

- 3.1 The contents in this report are in accordance with the Budget Strategy agreed by Council at its meeting on 28th February 2008.

- 3.2 The service areas within Corporate Services Directorate assist clients in meeting the Corporate themes of Education for Life, Regeneration, Health and Social Care and The Environment, and all areas seek to meet the Council's aim to:

'Carry out all services effectively and ensure value for money in service provision'.

- 3.3 Budget management itself is in accordance with the Corporate theme of 'Delivering the Strategies'.

4. THE REPORT

4.1 Corporate Services

- 4.2 In the main, most areas in Corporate Services are operating within small variances to budget. The areas with the main variances are:-

- 4.3 Legal Services - the anticipated overspend of £147k in Legal Services, relates to the budget constraints on the service area due to a reduction in Land Charges income. Steps have been taken to reduce the projection including the redeployment of 2 members of the team from January 2009 to Personnel and Housing Benefits.

- 4.4 The anticipated underspend of £50k in Corporate Finance is due to the greater than anticipated Grant funding in Housing Benefits.
- 4.5 The anticipated underspend of £118k in Procurement is due mainly to the delay in the recruitment and appointment of staff to the newly created posts approved in the 2008/09 budget strategy.
- 4.6 The anticipated overspend of £303k on Information, Communications, Technology and Property Services relates in the main to an overspend on the Corporate Premises budget, which comprises the running costs of the three main Corporate Buildings at Ty Pontllanfraith, Ty Tredomen and Ty Penallta. This is mainly due to a higher than expected NNDR valuation for Ty Penallta (£272k variance) and projected overspends of (£295k) on energy costs due to price increases of up to 100% from the Autumn 2008. The overspend has been reduced to £286k, after taking account of projected savings of £164k on building cleaning and routine maintenance. The higher than anticipated valuation on Ty Penallta is subject to an appeal with the Valuation Office. It is hoped to reduce the anticipated overspend further during the year with savings on other budgets, particularly maintenance. The underspend in IT Services of £104k relates to the delay in opening the Customer First Office as a result of the Palace Cinema development which has been delayed.
- 4.7 **Capital Financing – Finance Costs**
It is anticipated that finance costs will decrease by some £94k. One of the key reasons for the decrease is the premature repayment of PWLB loans together with the reduced take up of new loans which has resulted in net savings in interest costs of some £379k and rescheduling discounts applicable to the current financial year of £42k. However the revision in the lifetime calculations for MRP relating to assets funded by prudential borrowings has reduced this saving.
- 4.8 **Capital Financing – Investment Income**
Despite the recent dramatic falls in bank rate it is anticipated that investment income will still exceed the budgeted figure by some £1.296m due to the higher level of balances and the level of interest rates for the early part of the year. However, this sum includes interest due on internal balances including some £500k likely to be accrued on the Job Evaluation reserve. The estimated £960k surplus on investment income has been earmarked towards a capital programme overspend of £1m as previously agreed by Cabinet.

5. FINANCIAL IMPLICATIONS

- 5.1 This report deals with financial issues.

6. PERSONNEL IMPLICATIONS

- 6.1 There are no personnel implications.

7. RECOMMENDATIONS

- 7.1 Members are requested to note the contents of the report.

8. REASONS FOR THE RECOMMENDATIONS

- 8.1 To inform Members of the financial position of the Corporate Services Directorate including miscellaneous finance.

Author: D. Roberts – Senior Accountant (Financial Advice & Support)

Consultees: S. Rosser - Chief Executive
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N. Scammell, Head of Corporate Finance
D Perkins – Head of Legal Services
G. Hardacre – Head of People Management & Development
L. Lucas – Head of Procurement
P. Evans - Head of Information, Communications, Technology & Property Services
S. Grant - Finance Manager, Corporate Services
N. Roberts – Principal Group Accountant (Financial Advice & Support)
Cllr. C. Mann – Cabinet Member for Finance, Resources & Sustainability
Cllr. J. Taylor – Chairman, Policy & Resources Scrutiny Committee
Cllr. M. E. Sargent – Vice-Chairman, Policy & Resources Scrutiny Committee

Background Papers:

Budget Monitoring Reports 2008/09

Estimates Working Papers 2008/09

Appendices:

Appendix 1 - Corporate Services & Miscellaneous Finance.