

POLICY AND RESOURCES SCRUTINY COMMITTEE – 25TH JANUARY 2011

**SUBJECT: BUDGET MONITORING 2010/2011 - CORPORATE SERVICES AND
MISCELLANEOUS FINANCE**

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To provide information to Members relating to the budget for 2010/11 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 25th February 2010.
- 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 After a planned use of Corporate Service reserves for one-off expenditure, spend is forecast to be in line with budget for 2010/11. Reasons for variances to budget are outlined below: -
- 4.3 The anticipated overspend of £99K in Legal Services relate to the budget constraints on the service area due to a reduction in Land Charges income and reduced Legal Fee income. It is intended to use corporate service reserves to fund these costs.
- 4.4 There is an anticipated underspend of £483K on Information, Communications, Technology and Property Services. These savings are broken down as follows:-

- 4.4.1 Corporate Property savings; £77k is due to energy savings on Corporate Premises, as a result of reduced prices & new energy initiatives. This figure will be reviewed in the autumn, when new contract prices are known. Staff savings as a result of vacancy management during the year are projected at £52k to date.
- 4.4.2 Customer First anticipated savings of £247K are due to vacancies that have occurred, due to staff leaving and also long term sickness, not back-filled. Customer First is considering a revised strategy for providing these services, in line with the Medium Term Financial plan approved by Council.
- 4.4.3 Communications anticipated savings of £129K, due mainly to vacancy management during the year.
- 4.4.4 Central Services overspend of £22k is due to vacancy management targets still to be achieved but are constantly being monitored.
- 4.5 The anticipated overspend of £7K in Procurement Services relates to budget constraints on the service area, as a consequence of the reduction in income from the Building Maintenance DLO. Action is being taken to implemented a balanced budget in 2011/12.
- 4.6 Miscellaneous Finance
The contingency for pay inflation has not been required for 2010/11.
- 4.7 Capital Financing
Despite the level of balances being higher than anticipated, the fact that the rate achieved is lower than that assumed in the budget is likely to result in an interest shortfall of some £94k on short-term deposits. The reduced interest rate has resulted in reducing the interest payable to specific funds resulting in a projected saving of £17K. As a result of the premature repayment of PWLB loans in late February 2010, interest payable on external debt will reduce by some £825k, which, together with the amount of discount achieved and applied to Revenue in 2010/2011 of £124k, will result in an anticipated net saving of some £872k.
- 4.8 Careline's anticipated £6K underspend will be ringfenced as a carry forward contingency.
- 4.9 Counsel fees are expected to come in within the budget provision.

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 – Principal Accountant (Financial Advice and Support).
Consultees: A. O’Sullivan – Chief Executive
N. Barnett – Deputy Chief Executive
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D Perkins – Head of Legal & Governance
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P. Evans - Head of Information, Communications, Technology & Property Services
N. Roberts – Principal Group Accountant (Financial Advice and 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
A. Morgan – Group Accountant, Revenue Advice & Support
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Background Papers:
Budget Monitoring Reports 2010/11
Estimates Working Papers 2010/11

Appendices:
Appendix 1 Corporate Services and Miscellaneous Finance