

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2010

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2010/11

PORTFOLIO	Resources
BUDGET	28,520,450
TOTAL CASH LIMIT	<u>28,520,450</u>

CHIEF OFFICER Various

MONTH ENDED September 2010

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET Profile 2010/11				BUDGET Outturn 2010/11				RISK INDICATOR
		Budget Profile To End	Actual To End	Variance vs. Profile To		Total Budget	Year End Outturn	Variance vs. Total Budget		
		September 2010	September 2010	September 2010	September 2010	£	£	£	%	
		£	£	£	%					
1	Miscellaneous Expenses	122,750	368,232	245,482	200.0%	200,900	116,500	(84,400)	(42.0%)	M
2	Project Management, Risk & Insurance	101,160	204,792	103,632	102.4%	212,300	311,600	99,300	46.8%	M
3	Procurement Service	107,652	(1,061)	(108,713)	(101.0%)	316,500	316,700	200	0.1%	L
4	Internal Audit	191,496	197,223	5,727	3.0%	438,300	438,000	(300)	(0.1%)	L
5	Customer Services	736,656	742,684	6,028	0.8%	1,462,200	1,449,500	(12,700)	(0.9%)	L
6	Community Involvement, Empowerment & Development	625,108	684,064	58,956	9.4%	1,236,100	1,226,300	(9,800)	(0.8%)	L
7	Legal Services	424,860	573,373	148,513	35.0%	799,800	1,009,900	210,100	26.3%	H
8	Financial Services	2,974,368	2,717,282	(257,086)	(8.6%)	5,689,250	5,648,300	(40,950)	(0.7%)	M
9	Human Resources	1,468,972	1,399,028	(69,944)	(4.8%)	3,115,400	3,116,100	700	0.0%	L
10	In House Agency	(72,000)	(48,107)	23,893	(33.2%)	(144,000)	(108,900)	35,100	(24.4%)	M
11	IT Services Unit	2,525,444	2,070,798	(454,646)	(18.0%)	5,309,400	5,289,400	(20,000)	(0.4%)	M
12	AMS	1,126,595	581,867	(544,728)	(48.4%)	2,217,800	2,017,800	(200,000)	(9.0%)	M
13	Landlords Repairs & Maintenance	1,056,270	26,728	(1,029,542)	(97.5%)	2,162,700	2,162,700	0	0.0%	H
14	Staff Restaurant	45,600	42,201	(3,399)	(7.5%)	91,200	91,200	0	0.0%	L
15	Spinnaker Tower	0	155,830	155,830	-	(400,000)	(300,000)	100,000	(25.0%)	H
16	MMD Crane Rental	0	(97,716)	(97,716)	-	(195,400)	(195,400)	0	0.0%	L
17	Administration Expenses	0	3,800	3,800	-	5,000	5,000	0	0.0%	M
18	Council Tax Benefits	(25,548)	(554,412)	(528,864)	2070.1%	(11,300)	(11,300)	0	0.0%	M
19	Housing Benefit - Rent Allowances	(273,778)	(398,371)	(124,593)	45.5%	(568,400)	(418,000)	150,400	(26.5%)	H
20	Housing Benefit - Rent Rebates	(91,201)	(248,268)	(157,067)	172.2%	(235,100)	(377,700)	(142,600)	60.7%	H
21	Local Taxation	144,354	453,815	309,461	214.4%	1,553,900	1,538,700	(15,200)	(1.0%)	L
22	Benefits Administration	1,561,242	2,813,178	1,251,936	80.2%	1,902,500	1,902,500	0	0.0%	M
23	Discretionary Non-Domestic Rate Relief	0	0	0	-	184,500	184,500	0	0.0%	L
24	Land Charges	(40,303)	(40,806)	(503)	1.2%	(80,600)	(48,400)	32,200	(40.0%)	M
25	Democratic Representation & Management	805,243	881,682	76,439	9.5%	1,646,900	1,688,000	41,100	2.5%	M
26	Corporate Management	795,288	738,255	(57,033)	(7.2%)	1,610,600	1,667,200	56,600	3.5%	M
TOTAL		14,310,228	13,266,091	(1,044,137)	(7.3%)	28,520,450	28,720,200	199,750	0.7%	
Total Value of Remedial Action (from Analysis Below)						(250,600)				
Total Net Forecast Outturn (after remedial action)						28,520,450 28,469,600 (50,850) (0.2%)				

Note All figures included above exclude Capital Charges, Levies and Insurances

Income/underspends should be recorded in brackets and expenditure/overspends without

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2010/11

Item No.	Reason for Variation	Variance £
1	Miscellaneous Expenses is forecast to be £84,400 underspent. There are three principal reasons. Project Management Feasibility Studies is forecast to be £18,200 underspent as work authorised to date is now complete. Local Pay Review has a budget of £50,000 to cover costs incurred by external solicitors representing the City Council in any Employment Tribunal cases. This budget provision is not expected to be called upon this year realising a saving of £49,600. Trade Union Secondments has a budget of £91,300, not all posts available have been filled although it is possible that further TU secondments will be required in the current year to support the management of change process, hence this budget is forecast to be £24,200 underspent.	(84,400)
2	Additional funding from the MTRS reserve was approved by the city council on the 15th December 2009. This funding has been provided to cover the costs of seconded employees working on the efficiencies agenda.	Page 1 of 2 99,300

Remedial Action	Value of Remedial Action
No service action required. An equivalent sum will be released from the MTRS Reserve at the year end.	(99,300)

5	The re-structuring of the Equalities Service has produced a higher level of savings than originally forecast.	(12,700)
7	Legal Services is currently forecast to be £210,100 overspent. This is attributable to three factors; Employees is forecast to be overspent by £169,800 caused by two members of staff that have been off with long term sickness, these posts have been covered by locums and short term appointments and the cancellation of the BSF capital project. Income from Housing Revenue work has fallen compared to 2009/10 as some of the work previously managed by Legal staff is now dealt with by Housing officers, the income shortfall is currently estimated to be £60,000. The shortfall in fee income from capital work is now estimated to be £6,000 compared to the £20,000 forecast in the first quarter report. The impact of staff resources that have been transferred to other work continues to realise reductions in expenditure on External Legal advisors. The incidence of these savings is being quantified so that a cash limit adjustment can be agreed with each respective service head.	210,100
8	There is a reduction in employee costs as posts are held vacant in preparation for potential savings required as part of the 2011/12 Budget. The service is also expecting to reduce expenditure on supplies and services.	(40,950)
10	The number of requests for, and hours provided by temporary staff via the Internal Agency has noticeably reduced this year. Historically, the number of hours of temporary staff provided over the summer months increases, but this has not occurred this year but has instead been falling. This trend reflects the pressure to contain costs within existing cash limits.	35,100
11	The new Telephony system is not yet installed and operational, the ongoing revenue costs associated with the system will not be required for the full year. A saving of £20,000 is currently forecast.	(20,000)
12	The AMS Business Division is forecast to be £200,000 underspent. This is due to higher than planned Design team capital fee income and reduced staffing costs due to various posts held vacant in anticipation of the 2011/2012 budget reductions.	(200,000)
15	The profit share payable by Heritage Projects Ltd to the City Council under the terms of the lease is now forecast to reduce by £100,000 in 2010/11. This reflects a continuation in the fall in visitor numbers to the Spinnaker Tower attraction this year.	100,000
19	The rent allowances budget is forecast to show an adverse variance due to the Northgate system identifying a number of rent reviews that could result in a subsidy reduction. The value of benefits paid has increased in recent years due to economic factors. Total expenditure on rent allowances is around £63M and subtle variations in factors such as the subsidy received, benefit payments owed back or debt written off can create significant variances in expenditure.	150,400
20	The rent rebates budget is forecast to show a favourable variance due to a lower than anticipated bad debt provision. This is because the level of older debt which attracts the highest proportion of provision has decreased. Total expenditure on rent rebates is around £36M, given the size of the sums involved subtle variations in factors such as the subsidy received, benefit payments owed back or debt written off can create significant variances.	(142,600)
21	A number of vacancies have occurred during the year. Careful vacancy management is being used by the Revenues and Benefits service to offset overspends within other areas.	(15,200)
24	The Land Charges budget is now forecast to be £32,200 overspent as following a government ruling the Council can no longer charge for personal searches. As a consequence, income is forecast to be £34,300 lower than that included in the original budget.	32,200
25	The forecast overspend on Democratic Representation and Management comprises of three adverse variances. Committee Meetings is forecast to overspend by £23,100 mainly due to the printing of agendas and reports and for a higher volume of meetings. Members Expenses is forecast to overspend by £23,200 due, in part, to the increase in the number of portfolios, the City Solicitor's budget is forecast to be overspent by £24,000 as a budget saving put forward in 2009/10 to review admin support within the Directorate has not yet been implemented.	41,100
26	The Corporate Management budget is forecast to be £56,600 overspent, this is mainly attributable to the budget allocated to the Chief Executive and Secretariat staff assigned to the Strategic Directors which is now forecast to be £54,800 over budget. This is due to slippage in the delivery of an approved budget saving in respect of a review of senior management support across the whole of the City Council.	56,600
	Other minor variations on the remaining budget heads.	(9,200)
TOTAL PROJECTED VARIANCE		199,750

Note Remedial Action resulting in savings should be shown in brackets

	The Head of Legal, Licensing and Registrar's has recently completed a review of the staff structure of Legal Services, this is now subject to a 90 day statutory consultation process with staff. The new structure aims to realise savings in employee costs from April 2011. The work required to identify the incidence of savings in external spend is ongoing. The Head of Service remains confident that the savings secured to date will be sufficient to fund the net additional service costs outlined in this budget monitoring report.	(210,100)
	Under the new Agency Framework contract a 2% rebate on all expenditure with external agencies has been built into their contract terms. The value of expenditure with the external providers is expected to generate a rebate that is sufficient to cover the shortfall in fee overhead. However, if expenditure on external agency staff reduces significantly then the value of the rebate may be insufficient to cover this cost.	(35,100)
	The budget for the Corporate Property portfolio, which is reporting an overspend within the PRED portfolio, also falls within the remit of the Head of Asset Management. It is proposed that the underspend in this portfolio is used to offset this overspend, subject to a report to both meetings.	175,000
	Discussions are ongoing with the operator with a view to finding measures that will increase visitor numbers and reverse this trend.	
	This is deemed to be a 'windfall' variance that is outside the direct control of the service manager. It will be offset by underspends within housing benefit rent rebates.	(150,400)
	This is deemed to be a 'windfall' variance that is outside the direct control of the service manager. It will be used to offset overspends within housing benefit rent allowances budget.	142,600
	This will be used to mitigate overspends within other areas of the service.	
	Income derived from Land Charges service is deemed to be a "windfall" variance that is outside of the direct control of the service manager. The shortfall in income will be covered by a transfer from corporate resources if this cannot be contained within the Resources Portfolio budget.	(32,200)
	The forecast overspend in respect of Committee Meetings and Members Expenses will be funded by savings from other budget heads under the control of this service manager. A detailed review is being undertaken to explore options to reduce the expenditure on printing. In respect of the forecast overspend on the City Solicitor's budget, the target saving of £24,000 will be incorporated into the review of senior management support as outlined under item 27 below.	(41,100)
	The Chief Executive in conjunction with the Section 151 Officer will identify equivalent savings to meet the shortfall identified in the current financial year.	
TOTAL VALUE OF REMEDIAL ACTION		(250,600)