APPENDIX 5

FINANCE & CORPORATE SERVICES DIRECTORATE

REVENUE BUDGET MONITORING – NOVEMBER 2006

1. INTRODUCTION

1.1 This report explains the forecast position for the directorate in 2006/07 based on the revenue budget monitoring returns for November.

2. BACKGROUND

2.1 The directorate was allocated an initial budget of £3.465m in respect of direct income and expenditure. This has increased to £3.767m as a result of a control total adjustment of £54,000 in respect of fuel price increases and the transfer of £248,000 from Treasury to MRBS to cover the increased cost of the Steria contract and of resilience staffing. This has not altered the forecast position as the budget and forecast have changed by the same amount. The monitoring from November also includes the budget provision and forecast overspend for Kingsley House, which has been transferred from Community Services to Operational Buildings within F&CS. This has not affected the allocated budget due to the SLA charges. Recharge budgets totalling £9.319m for the directorate are not included in this report.

2.2 As previously, the directorate monitoring reports will be forwarded on to Cabinet Briefing each month with Cabinet receiving bi-monthly reports. The November report will be submitted to Cabinet on 30th January.

3. CURRENT FORECAST POSITION

3.1 The November returns received from budget managers indicate a potential underspend of £42,000. The position has improved by £137,000 from the previous cycle. The principle variations within this are outlined below.

4. MAJOR VARIATIONS

4.1 **Land Charges (£45,000 potential overspend)**
The income budget for 2006-07 has been set at £550,000. This income is dependant on activity in the housing market and competition from the private sector which has led to a decrease in income over the past few years. The income target has been reduced for this financial year but there is still a forecast deficit. The actual income for 2005/06 was £464,689 and for 2004/05 £522,000.

4.2 **Benefit Payments (£219,000 potential overspend)**
This overspend is mainly due to an increase in the level of claimant error for benefit payments. Changes in the way in which potential fraudulent claims are targeted by DWP led to increases in errors identified. This type of error only allows for a 40% collection of subsidy for the payment made. Our LA error rate has improved but as a result we have lost some of the reward subsidy. Also our overpayment collection

rate is falling contributing to the forecast overspend. 4.3 **Corporate Management (£114,000 potential overspend)**
This overspend is a result of the inspection fees due from the CPA inspection and unbudgeted costs for trade union salaries and the chaplaincy service.

4.4 **Commercial Property (£21,000 potential overspend)**
A means of achieving a target for additional income of £150,000 has yet to be fully identified. This is an improvement of £13,000 on the previous return as additional income is identified.

4.5 **Lifeline & CCTV (£87,000 potential overspend)**
Additional staffing costs are forecast as a result of extra duties and marketing to develop the service. Legislative requirement for licensing and training private security staff has lead to increased costs of £18,000. This has deteriorated by £20,000 from last month due to increased equipment cost forecast.

4.6 **Human Resources (£197,000 potential underspend)**
Vacancy savings across the service and increased activity in the temp agency have led to this forecast underspend for HR.

4.7 **Central Services (£34,000 potential overspend)**
A means of fully identifying the savings target for this service area has yet to be identified and a reduced forecast on fuel income contribute to this overspend. The forecast income for reprographics has reduced considerably based on the reduced activity levels in October and November. This may be the consequence of the moratorium restricting spend within the authority. The overall position has improved by £30,000 as a result of a one off saving achieved by changing the leased care agreement. This saving has been kept centrally.

4.8 **Central Accommodation (£67,000 potential overspend)**
This overspend is due to the inclusion of increased fuel charges and increased water charges at Municipal Buildings, increased building repairs, pest control and washroom service costs at Civic Centre.

4.9 **ICT (£168,000 potential underspend)**
This underspend is made up of vacancy savings across the IT teams and forecast savings on telephone calls, networks and contract payments.

4.10 **F&CS Management Team (£108,000 potential underspend)**
The underspend is due to vacancy savings for AD posts that have now been filled and the saving arising from the promotion of Director of Finance & Corporate Services to Chief Executive.

4.11 **Directorate Finance Support (£37,000 potential overspend)**
This overspend is a result of external agency staff being used to cover staff vacancies at a higher cost than the salary budget provision for the posts. Most posts have now been filled. Overspends have also occurred due to the recent relocation of staff from the Civic Centre to Municipal Buildings.

4.12 **Central Accounts Team (£36,000 potential underspend)**

Continuing vacancies are partially offset by temporary agency costs and interview and advertising expenses.

4.13 **Audit Services (£41,000 potential underspend)**
This underspend is due to vacancy savings within Internal Audit and the Fraud team.

5. CONCLUSIONS & MANAGEMENT ACTION

5.1 We are now forecasting an underspend of £42,000 for F&CS. Managers have been able to identify slight savings as a result of the moratorium that was introduced but this also appears to have had a detrimental effect on the internal services paid for by directorates. The position has improved by £137,000 from the previous month's return but clearly needs to be managed in order to meet a balance budget position at year end.