

CORPORATE AND CENTRAL SERVICES BUDGET MONITORING 2006/07 – PERIOD TO 31 DECEMBER 2006

1. Reason for Report

This report provides information on the financial performance of services that are the responsibility of the Asset Management Committee so that members can review performance and ensure that management controls are in place to contain expenditure within the budgets set by committees. Financial details are contained in **Appendices 1& 2** and key issues are discussed below.

2. Report Summary

2.1 The forecast at 31 December 2006 shows that Corporate & Central Services have continued to reduce the overspend significantly from that previously reported.

2.2 Management assurances have been received that each of the Corporate & Central Services will contain expenditure within the budgets available for the current year.

3. Recommendation

Members are asked to note the background to service underspends and overspends (as detailed in Section 9) and that overall a balanced outturn is forecast.

4. Corporate Plan Links and Contribution

This report supports the Corporate Plan's principles to have strong financial management by closely monitoring spending.

5. Resources/Value for Money Assessment

Corporate & Central Services are committed to controlling expenditure within the allocated budgets without compromising service delivery.

6. Risk Assessment

Projections by their very nature carry an inherent risk of under or over statement. This risk is managed by strict monitoring of spend and taking action to ensure that spending within budget will be achieved.

7. Consultations

7.1 The Director of Corporate Services has been consulted and is in agreement with the contents of the report.

7.2 Area Managers has been consulted and are in agreement with the contents of the report.

8. Background

8.1 A potential overspend of £73k is forecast for Corporate and Central Services overall and is after making provision for first year early retirement costs resulting from FES savings. This is a decrease of £59k from the overspend projected in the last monitoring report to 31 October 2007.

8.2 The reduction in the projected overspend is the result of active budget management and actions being taken early enough to remedy potential areas of overspend so that cost will be contained within the budget available.

8.3 The following sections provide a brief summary of the individual services and on the more significant variances within them.

9. Key Issues

9.1 Corporate Services

The forecast overspend of £15k is reported after taking into account vacancy savings of £146k, current year savings from option reviews of £143k and lump sum payments for early retirements resulting from the Financial Efficiency Strategy savings.

9.2 Policy & Improvement

9.2.1 Policy & Performance

The overspend of £31k is after taking into account the £115k savings that are expected to be delivered by Policy & Performance for 2006/07 following its service review. This overspend can be attributed to a consultants post which was agreed as a saving from Policy & Performance and subsequently found to have been previously deleted from the establishment. Policy & Performance is in the process of identifying further savings to replace the £40k saving from the consultants post.

9.2.2 Property Services

The £11k underspend is after a temporary virement to support vacancy savings. The scope for further savings is limited due to provision being made to address the costs of moving to Monreith House in early 2007.

9.2.3 Technology Solutions

The underspend is the result of the additional funding for posts that may not be fully utilised this year. Offset against these savings are one off consultancy fees that cover the Infrastructure and Bluesky reviews.

9.2.4 Care Call

The forecast overspend is partly due to the anticipated loss of income from DGHP. The extent of this shortfall and possible measures to address this budget pressure are currently being reviewed.

9.2.5 Shared Admin Premises

The potential loss of income from DGHP this year has not been as high as initially feared and as a result of this and actions taken by Property Services a balanced outturn is still forecast. This is a volatile budget due to the unpredictability of building maintenance and energy and water costs that presents a considerable risk of an overspend still being incurred this year.

9.3 Human Resources

The Human Resources budget is projected to overspend by £28k due largely to there being an unfunded staff post. Close monitoring of other budget heads is required to ensure that further overspending is avoided and that compensating savings are identified to address the projected staff costs shortfall.

9.4 Corporate Support & Governance

9.4.1 Committee & Member Services

The projected underspend of £8k is after a temporary virement to support vacancy savings. A combination of staff and administration efficiency measures have contributed to the forecast underspend.

9.4.2 Assessors

The projected underspend of £28k is after a temporary virement to support vacancy savings. Savings are the result of the service pursuing "Doing More with Less" by using less temporary staff to deal with the compilation of the electoral register.

9.4.3 District Courts & Licensing

As part of District Courts & Licensing contribution to Corporate Services efficiency savings it was anticipated that an increase in income would be achieved. Licensing income has not been able to achieve the level of increase hoped for and this has given rise to the forecast overspend.

9.4.4 Other Functions

The £20k overspend relates to the reported budget pressures of Children Panels' travel costs linked to a 55% increase in Childrens Hearings.

9.5 Executive Unit & Area Management

9.5.1 Area Management

The forecast £10k overspend consists of the increased costs of area committee administration and Securicor of £22k that has been partially offset by an underspend of £12k in Customer Service Centres relating to the non-filling of vacant posts. Careful monitoring and control of costs are being undertaken to compensate the forecast overspend in these areas.

9.5.2 Executive Unit

The overspend is mainly attributable to a £19k 'strain on fund' budget reduction which reflects the need to compensate the Pension Fund for the impact of an early retirement. This is the final year for this budget adjustment.

9.6 Financial Services

The previously reported overspend has been reduced materially due to a number of "Control of Spend" measures that have been implemented within the Department. Further measures are now being taken to ensure that the current projected overspend of £28k is contained within the Budget by the end of the financial year.

9.7 Corporate & Democratic Support

The forecast underspend of £15k is due to reduced spending on Members travel and Subsistence as well as savings on administrative costs. This is directly linked to Members' decisions on reduction in sub committees and changes in Special Responsibilities Allowances.

This underspend is after a saving of £66k as a result of fewer members receiving Special Responsibilities Allowances.

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APPENDICES – 2

Appendix 1

CORPORATE & CENTRAL SERVICES	Original Budget 2006-07 £000's	Budget Amendments 2006-07 £000's	Revised Budget 2006-07 £000's	Expenditure to 31 Dec 06 £000's	Projected Outturn 2006-07 £000's	Variance 2006-07 £000's
SERVICE ANALYSIS						
CORPORATE SERVICES						
Corporate Services Directorate & Support	867	147	1,014	527	1,019	5
Policy & Improvement						
Policy & Performance	1,439	-18	1,421	773	1,452	31
Communications Unit	453	-25	428	238	420	-8
Property Services	1,432	-122	1,310	489	1,280	-30
Technology Solutions	3,486	158	3,644	2,722	3,627	-17
Care Call	360	0	360	194	377	17
Modernising Government Fund	1,150	58	1,208	373	1,208	0
Shared Administrative Premises	3,062	86	3,148	1,194	3,148	0
Human Resources	1,395	32	1,427	873	1,455	28
Corporate Support & Governance						
Committee & Member Services	704	-5	699	257	691	-8
Legal Services	729	-11	718	439	703	-15
Assessors	1,309	-9	1,300	716	1,272	-28
District Courts & Licensing	277	0	277	-223	298	21
Other Functions	229	-8	221	207	241	20
	16,892	283	17,175	8,779	17,191	16
EXECUTIVE UNIT & AREA MANAGEMENT						
Area Managers	1,404	608	2,012	931	2,034	22
Area Committee Grants	1,124	-481	643	722	643	0
Community Councils	60	0	60	48	60	0
Customer Service Centres	900	3	903	649	891	-12
Executive Unit	459	-19	440	298	458	18
	3,947	111	4,058	2,648	4,086	28
FINANCIAL SERVICES						
Finance	4,622	13	4,635	2,880	4,749	114
Cost of Local Tax Collection	1,630	0	1,630	-209	1,635	5
Benefits	650	0	650	4,157	559	-91
	6,902	13	6,915	6,828	6,943	28
Courier	157	0	157	124	173	16
CORPORATE & DEMOCRATIC CORE						
Democratic Rep & Management	2,870	-66	2,804	599	2,789	-15
Corporate Management:	983	0	983	269	983	0
	3,853	-66	3,787	868	3,772	-15
SERVICE TOTAL	31,751	341	32,092	19,247	32,165	73

CORPORATE & CENTRAL SERVICES	Original Budget 2006-07 £000's	Budget Amendments 2006-07 £000's	Revised Budget 2006-07 £000's	Expenditure to 31 Dec 06 £000's	Projected Outturn 2006-07 £000's	Variance 2006-07 £000's
SUBJECTIVE ANALYSIS						
Staff Costs	14,657	-21	14,636	11,408	15,171	535
Property Costs	3,222	87	3,309	1,499	3,279	-30
Supplies and Services	1,441	237	1,678	2,676	1,751	73
Transport Costs	350	0	350	274	377	27
Administrative Costs	3,608	-69	3,539	35,440	3,630	91
Payments to Agencies and Other Bodies	3,441	115	3,556	621	3,475	-81
Central Support	7,070	0	7,070	0	7,070	0
Capital Charges	1,081	0	1,081	0	1,081	0
	34,870	349	35,219	51,918	35,834	615
Income	3,119	8	3,127	32,671	3,669	-542
TOTAL	31,751	341	32,092	19,247	32,165	73

Appendix 2

Summary of Main Variances		£000'S
Policy & Performance	Shortfall in making required budget savings	31
Property Services	Temporary vacant post savings	-30
Technology Solutions	Temporary vacant post savings less consultancy fees	-17
Care Call	Reduction in income from DGHP	17
Human Resources	Staff costs budget shortfall	28
Committee & Member Services	Savings from part time post and printing costs	-8
Legal Services	Increased fee income	-15
Assessors	Reduction in use of temporary staff	-28
District Courts & Licensing	Income shortfall against budget	21
Other Functions	Childrens Panel travel costs.	20
Area Management	Increased cost of area committee administration and Securicor less Customer Service Centre staff costs savings	10
Executive Unit	Strain on fund and staff costs budget shortfall	18
Finance	Vacancy assumption & loss of budgeted income	28
Courier	Increased overtime costs due to Health & Safety compliance	16
Democratic Rep & Management	Savings from members travel & subsistence & admin costs	-15
Small variances	Mixture of staff costs offset against printing savings.	-3
Total		73

Summary of Budget Adjustments		£000'S
RSPA Funding	Various projects throughout Wigtownshire	500
Use of Service Reserves	Corporate Services early retirement costs	61
	Customer First	99
	Microsoft Licensing	158
	Local Rural Partnerships	47
	Machars Outreach Project	25
	Area Managers - Other Projects	16
Reserve Transfer	Shared Admin Premises - Carmont House from EC&S	130
Budget Transfers	Staff budgets from EC&S to Corporate Services	27
	Staff budgets from EC&S to Finance	13
	Repairs budget from Shared Admin Premises to Capital	-43
Service Review Savings	Communications & Print Unit	-29
	Policy & Performance Unit	-115
Early Retirements- Strain on Fund	Former member of staff of Executive Unit	-19
Area Committee Grants	Transfers to Combined Services & Planning & Environment & ECS	-463
Democratic Rep & Management	Reduction in members receiving Special Responsibilities Allowances	-66
Total		341