

APPENDIX D

ECONOMY, COMMUNITIES AND CORPORATE MONTHLY BUDGET CONTROL REPORT

MEETING DATE:

27TH NOVEMBER 2013

Purpose

To provide the Chief Officer Finance with assurance on:

- the robustness of budget control and monitoring within the Directorate
- to highlight key risks within the directorate
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

Key Messages

- The Directorate currently reports an underspend of **£5k**, which is slightly better than the position reported in September.

1.1 Current Status – Revenue Budget

The current revenue budget position based on the results to the end of October 2013 are summarised in the table below:

Service	Budget Expend £000	Budget (Income) £000	Net Budget £000	Net Forecast Outturn £000	Projected Under / (Over) spend £000
Economic, Environment and Cultural Services	12,702	(8,719)	3,983	3,891	92
Place Based Commissioning	32,436	(4,531)	27,905	27,678	227
Law, Governance & Resilience	3,773	(890)	2,883	3,387	(504)
Chief Finance Officer & Corporate Management	51,999	(48,056)	3,943	3,696	247
Property Services	6,162	(4,525)	1,637	1,582	55
Community & Customer Services	4,469	(695)	3,774	3,922	(148)
Director & Management	273	(36)	237	201	36
Economy, Communities & Corporate	111,814	(67,452)	44,362	44,357	5

1.2 Savings Plans – Summary

The total savings plan for the Directorate is £7.6m of which £6.2m is included in the within the approved budget of £44m. This includes £1.9m vired as a result of additional saving schemes identified in May 2013 to mitigate pressure in Adults Well-being.

£Savings Schemes – RED status

The 2013/14 plan includes additional savings schemes of £1.4m which were subject to Cabinet or Cabinet Member approval. Whilst the majority of these schemes have been signed off and £400k additional savings are anticipated in 2013/14, the remaining £1m will not be achieved in 2013/14

and where relevant are now incorporated in the future savings plans.

The 2013/14 plan also includes £300k in relation to procurement savings managed within the Directorate but held centrally. Commercial Board has agreed this target to be achieved through procurement projects in 2013/14 include printing, stationery, cash collection and mail services. Whilst savings of £65k are anticipated, the remaining £235k is at risk and this pressure is reports centrally.

1.4 Headlines by Service Area

The Directorate budget has increased by £281k since last reported. This relates to £80k funding from the corporate redundancy pot and £201k transfer from reserves in relation to previous year's grants. This mainly relates to Community Transport grant. The adjustments are:

There is pressure on income budgets in relation to Parking of £148k; this reflects the impact of the closure of the Garrick House Multi Storey Car Park for refurbishment. The pressure is partly mitigated by staff savings and other discretionary spend savings.

A cost reduction scheme in Planning Services, identified within the Additional Savings Schemes in May 2013, means staff savings of £250k as the part year effect in 2013/14. These savings will help address the shortfall in HERS savings target and mitigate one off in year pressures. The full year saving is included in the 2014/15 savings plan.

As previously reported, legal proceedings were commenced against the Council (and other Councils) by private search companies which could result in this Council having to repay around £367k putting pressure on 2013/14 budgets. The outcome of this claim will have an impact on the way we deliver this service in the future.

There is a projected overspend for the year in relation to Legal Services. The overspend of £110k reflects the increased cost of additional in house expertise in key areas of planning, childcare and employment law and will lead to reduced outsourcing of legal work to solicitors and counsel which, in previous years, has cost the authority in excess of £800k p.a. across the organisation.

The Corporate Management budget includes a base budget of £314k for Non -Discretionary Rate Relief. Further guidance on the rates retention scheme indicates that this is not now required to be paid into the Collection Fund.

There is currently a pressure of £148k on Property budgets; this reflects the risk on the maintenance budgets. Whilst this pressure is expected to be mitigated by identification of capital expenditure and recharging staff cost to capital projects, £150k is currently being included in the outturn position as at risk.

1.5 Other Risks & Opportunities

As part of an on-going Directorate Review further savings have been identified on discretionary spend budgets however these are not yet included within the outturn due to the risk identified below.

There is a risk in relation to disputed items in the Amey contract.

Street Lighting – energy costs are expected to exceed budget by £230k for the year. Members will be aware of energy costs increases and in order to address these pressures there is a roll out of LED lighting and other energy saving strategies across the street lighting asset. These improvements are now starting to help mitigating the pressures on the street lighting energy budget. However until the project is extended across the whole of the street lighting asset, energy costs pressures are likely to remain and are estimated at £230k pressure for 2013/14. Further energy saving projects will continue as part of the Public Realm services contract. These will be

funded through interest free loans from SALIX and prudential borrowing which will be funded from the resultant energy savings.

Although current winter conditions are being managed and are in line with normal winter conditions, there is risk of the impact of prolonged or severe winter weather conditions on the Directorate budget. Through the re-alignment of budgets to manage the Balfour Beatty contract from 1st September 2013, £500k additional budget has been allocated to this budget and detailed cost control models are being updated to reflect the new contract payment mechanism.

There is also the risk of the cost of emergency repairs in response to severe weather conditions, such as flooding or harsh winter conditions. Whilst DCLG assist in the funding of these costs, through the Bellwin scheme, Herefordshire would have to fund the first £454k within current budgets.