

## APPENDIX D

# ECONOMY, COMMUNITIES AND CORPORATE MONTHLY BUDGET CONTROL REPORT

MEETING DATE:

23<sup>RD</sup> OCTOBER 2013

### Purpose

To provide the Chief Officer Finance with assurance on:

- the robustness of budget control and monitoring within Economy, Communities & Corporate 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 over spend of **£80k**, which is slightly worse than the position reported in August, mainly due to the increase in the expected pressure on Land Charges.
- Cabinet have budgeted additional savings schemes to assist Adults Well-being pressures of £1.2m. Schemes approved to date will result in £328k of this being achieved and budget has been transferred to Adult Well-being. There is a further £68k anticipated and once approved will also be transferred to Adults Well-being.

### 1.1 Current Status – Revenue Budget

The current revenue budget position based on the results to the end of September 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	12,641	(8,741)	3,900	3,846	54
Place Based Commissioning	32,287	(4,513)	27,774	27,597	177
Law, Governance & Resilience	3,760	(890)	2,870	3,353	(483)
Chief Finance Officer & Corporate Management	51,999	(48,056)	3,943	3,656	287
Property Services	6,110	(4,525)	1,585	1,736	(151)
Community & Customer Services	4,467	(695)	3,772	3,772	0
Director & Management	273	(36)	237	201	36
<b>Economy, Communities &amp; Corporate</b>	<b>111,537</b>	<b>(67,456)</b>	<b>44,081</b>	<b>44,161</b>	<b>(80)</b>

## 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. The plan includes additional savings schemes of £1.4m which are subject to Cabinet or Cabinet Member approval. Since last reported some schemes have been agreed the budget representing agreed savings of £328k have been vired to help meet pressures in Adults Well-being.

This 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 £150k are anticipated, the remaining £150k is at risk and this pressure is reported centrally.

£1.2m of the savings is at risk which relates to savings schemes not yet approved and included in the table below and the Procurement saving above.

## 1.3 Savings Schemes – RED status

The following schemes have been identified as at high risk of non delivery.

Scheme	Saving Plan 13/14 £000	Anticipated 13/14 £000	Vired to AWB £000	At Risk 13/14 £000	Anticipated FYE £000	Status of Decision
<b>ADDITIONAL SAVINGS TO BE VIRED TO ADULTS WELL-BEING</b>						
Heritage Services Review	194	48	48	146	239	Cabinet Decision 19th September (Option2)
Library Services Review	250	86	86	164	97	Cabinet Decision 19th September (Option2)
Planning Services cost reductions (inc	291	58		291	490	Cabinet Member Decision - October 2013. Note 1
Countryside Services Review	40	0		40	300	Cabinet Member Decision November 2013
Closure/Transfer of toilets	187	22	22	165	99	Cabinet Member Decision 16th September 2013
Increase charges for garden waste sac	80	20	20	60	40	Pending Cabinet Member Decision October 2013
CCTV Review	50	50	50	0	82	Cabinet Member Decision 31st July 2013
Community Protection Review	150	29	29	121	101	Cabinet Member Decision 14th August - pending outcome of statutory consultation 19th October 2013
Increase car parking/on-street parking	(195)	(25)	(25)	(170)	250	Cabinet Member Decision - Awaiting Proposal from Balfour Beatty
Community Regeneration	48	48	48	0	96	Scheme revised and no longer needs Cabinet Member Decision
Members allowances	60	0		60	0	Unlikely to be delivered
Customer Services	80	50	50	30	251	Cabinet Decision 19th September (Option2) - mitigates original ECC savings £77k target above
Reduce Public Notices	10	10		10	10	Awaiting legal advice on minimum statutory requirement
Advertising & Publicity (Council wide p	150	0		150	0	Review concluded - note 2
<b>ADDITIONAL SAVINGS TOTAL (to be vired to Adults Well-being)</b>	<b>1,395</b>	<b>396</b>	<b>328</b>	<b>1,067</b>	<b>2,055</b>	

Note 1 - Total saving anticipated is £582k however £92k of saving offsets existing HERS savings schemes

Note 2 - Review has now concluded that the original estimate was over optimistic and this level of savings cannot be delivered. Further work will be carried out to identify what can be delivered and the cost associated with generating advertising income.

## 1.4 Headlines by Service Area

The Directorate budget has reduced by £70k since last reported. The virements are:

Virements	£000
Disaggregation of Information Governance (from ODT)	41
One off funding for Customer Services Compensations	28
Transfer of Housing staff to Energy & Environment Management Team	38
Transfer of savings target to Communications	18
Slippage in loan repayment relating to capital scheme (LED Street Lighting & Solar PV Panel Scheme)	133
Savings agreed by Cabinet - vired to Adult Well Being	(328)
<b>TOTAL</b>	<b>(70)</b>

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.

As previously reported, there is a projected overspend for the year in relation to Legal Services. The overspend of £120k 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 £400k 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 £151k on Property budgets for 2013/14. The budget has been re-aligned since last reported to allocate the service savings target and take account of income targets no longer achievable. This re-alignment resulted in a reduction of income budgets of £148k thereby reducing expenditure budgets by the same amount. This includes the loss of rental income as a result of the impact of selling Council land and property assets in the current year which is partly mitigated in year only by the expectation of £75k for disposals less than £10k.

Based on parking income levels for the first six months of the year, there is an expected shortfall of £95k for the year; this is partly mitigated by one off premises savings relating to the temporary closure of Garrick House Car Park for repair.

## 1.5 Other Risks & Opportunities

There is a risk in relation to disputed items in the Amey contract, as previously reported.

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.