

**PERFORMANCE & MANAGEMENT SCRUTINY COMMITTEE – 22 MARCH
2005**

Report of the Head of Financial Services

**ITEM 5A GENERAL FUND REVENUE BUDGET MONITORING – PERIODS 1-11,
2004/05**

Summary Position

The attached summary at Appendix 1 shows that, at net controllable service expenditure level, there was an underspend of £940k against profiled expenditure at the end of February 2005, Period 11. The underspend is £64k higher than at the end of Period 10 and represents 5.5% of the Total Current Revised budget. It should be noted that the HRA recharge for the Contact Centre, of at least £164k, is not reflected in these figures so the net underspend is approximately £777k.

Salary costs in the General Fund were marginally over the budgeted level for period 11 and, with a total underspend of £284k to date, constitute 30% of the overall underspend of £940k.

Major Variances to Budget

The two tables below show the major variances against salary budgets (Table 1) and variances against other costs and income in Table 2.

Table 1

Note: Salary budgets and actuals also include agency staff.

Service	Salaries to Period 11		Difference		Difference at Period 10
	Actual	Budget			
	£'000	£'000	£'000	%	£'000
Change Management	1,305	1,384	79	5.7	62
Environmental Health	874	931	57	6.1	56
ICS	1,100	1,156	56	4.8	65
Planning Services	1,406	1,443	37	2.6	32
Cultural & Leisure Serv.	779	800	21	2.6	21
Total	5,464	5,714	250	4.6	236

The difference of £250k represents 88% of the total underspend of £284k on salaries. Major salary underspends at cost centre level include Food Hygiene & Safety (£41k), Customer Services Centre (£35k), Development Control Service (£27k), Housing Benefit Administration (£25k), Policy Support Service (£21k) and Information & Communications Service (£20k). The only major salary overspend is in Performance & Internal Audit (£29k) due to the high level of agency staff required to cover for vacancies.

Table 2

This table shows major variances to budgets, excluding salaries, by Service Area.

Service	Difference to Budget Under/(Over)	Budget to February	Difference	Reasons
	£'000	£'000	%	
Technical Services	246	2,565	9.6	Garden bin income up £89k against budget. Timing differences on invoices from the main contractor for waste disposal etc account for most of the remaining 'underspend'.
Change Management	97	764	12.7	Land charges net receipts are £66k below budget, fees and charges in Policy & Support are £40k under budget, Loughborough market is £17k below budget due to income shortfall. HR has an underspend of £45k, Economic Regeneration £31k grant in excess of budget, Pathfinder Cohesion £40k underspent, Festive Decorations £64k underspent plus £70k of material underspends in various sections.
Cultural & Leisure Services	95	1,219	7.8	Parks & Amenities, net underspend of £69k, although there are timing differences on grounds maintenance. Soar Valley LC management charge £23k below budget but Charnwood LC charge £14k over. Town Hall £43k over budget mainly on catering, concerts & shows and lettings.
Risk Management	92	474	19.4	Underspent on Insurance premiums £43k and Legal savings on training/books plus legal costs of £21k. Conveyancing costs recovered up £11k.
Environmental Health	76	161	47.2	House Condition survey work started but no

				invoices yet (£40k under budget) and Air Quality Action Plan costs £8k below budget.
ICS	55	503	10.9	Various underspends on Customer Service Centre £11k, ICS £10k and External ICT £21k.
TOTAL	661	Representing 85% of the total non-salary underspend		

General Points

Significant adverse variances to budgets not referred to above are:

- Crime & Disorder – receipts in respect of Home Office Grant of £141k still outstanding.
- External audit fees - £51k over budget due to higher audit costs for grants and change in billing profile.

Transfers from the Reinvestment Reserve were £704k at the end of February against a full year outturn expectation of £404k. The likely outturn position for the General Fund would appear to be more positive than anticipated at the Revised Budget although year end reserves for creditors etc are not included in these figures.

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