

POLICY AND RESOURCES COMMITTEE REVENUE EXPENDITURE 1998/99 AND 1999/2000

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1. Purpose

- 1.1 To inform Members of the Policy and Resources Committee of the provisional revenue outturn in respect of financial year 1998/99.
- 1.2 To inform the Committee of the latest position in respect of the current financial year up to the end of May 1999.
- 1.3 To inform the Committee of any major variances forecast for the financial year 1999/2000.

2. Summary

- 2.1 Provisional outturn figures are available for 1998/99 and show the position for the Policy and Resources Committee.
- 2.2 Budget monitoring has started for 1999/2000 but it is still very early in the year to accurately predict results.

3. Background

- 3.1 Work on the closure of the accounts for the authority for 1998/99 is nearing completion. This report gives details of the draft results for the Policy and Resources Committee.

4. Issues and Choices

- 4.1 Resources Committee Revenue Expenditure 1998/99

Annex A sets out provisional results for 1998/99 for the Policy and Resources Committee. Overall the committee outturned £136,745 under the adjusted 1998/99 budget.

The implications of **Annex A** are:

- (a) Resources as a whole made a contribution to the staff vacancy target of £176,000 of approximately £111,910. This included an overspend on I.T. Staff of £219,500.

- (b) The Treasurer's cost centre includes the retirement costs of the Treasurer and the recruitment costs of the new Treasurer. This has led to an overspend of £30,250. Overall the Treasurer's division has outturned under budget. Non staff savings are mainly in the Council Tax area where a rollover of £55,570 to cover the cost of software for Council Tax has been requested. Chief Officer board has recommended that this rollover be granted. Recovery of costs on Council Tax was £93,000 over budget after bad debt provision, Bailiffs fees £68,000 under budget, leading to an overall underspend of £254,600 in the whole of the Treasurer's division.
- (c) Corporate Administration outturned £153,850 under budget, variances include:
- (i) £87,200 of savings due to staff vacancies.
 - (ii) income in several areas exceeded budget: land charges by £56,200, print unit by £63,240 and registration of births, deaths and marriages by £20,000.
 - (iii) the Coroner outturned £33,000 over budget. This budget is very difficult to predict as it is a "responsive" service but trends are starting to emerge and indications are that the base budget may be inadequate as this is the second year the budget has been overspent.
 - (iv) there was an overspend of £33,500 on emergency planning. This was due to residual costs on the Easter floods incident and the cost of training exercises.
 - (v) A carry forward of £18,000 has been requested from this budget to fund non-I.T. millennium costs. If not granted it will be difficult to ensure that outstanding issues will be addressed. This issue is discussed at Item 19 of the main agenda.
- (d) I.T. has outturned significantly over budget. Significant problems with recruitment has led to the use of contractors to cover permanent staff vacancies, giving rise to the overspend. This is discussed in greater detail at Item 21 of the main agenda.
- (e) The long term illness of a senior member of staff in the Legal department necessitated additional use of external solicitors. This gave rise to the overspend in this area.
- (f) £9,000 of the £34,000 overspend in Democratic Services relates to Committee printing, with the balance on Member budgets.
- (g) Overall the Corporate and Democratic core underspent by £68,600. This was almost entirely due to an underspend of £61,000 on revenue millennium I.T. costs. This was the result of planned expenditure in 1998/99 being deferred to 1999/2000. A carry forward of this amount into 1999/2000 has been requested

to cover the deferred expenditure. If not granted the agreed IT preparations for the millennium will not be completed.

- (h) There is an overspend of £55,800 in the Administrative Buildings budget. As previously reported this is due to:
 - (i) insufficient provision for rates at Saxon Court and Civic Offices as a result of a rating revaluation (appeal pending).
 - (ii) income from functions in the Civic Offices is down by around £14,000 due to a reduction in bookings.
 - (iii) **no budget provision to cover the payment of the subsidy on staff drinks amounting a shortfall of around £15,000 in the year.**
- (i) Corporate property outturned £24,180 under budget. This was due in the main to additional income from the Bowl of £8,700 and savings on the running costs of Lovat Bank.
- (j) The underspend in the employee overhead account mainly consisted of savings in the child care budget of £36,000, other savings were offset by a one off charge of £24,000 from the Contributions agency.

5. **Revenue Expenditure to 30 May 1999**

- 5.1 It is still very early in the financial year to get an accurate position of the income and expenditure to date, but despite the early nature of this report a number of issues have been identified for the current year. The vacancy target of 3% has been allocated over budget heads therefore employee costs for each division are shown net of this target. **Annex B** shows the position to date.
- 5.2 Income from land charges is currently running about £6,000 under profiled budget. The budget was increased last year and this will require careful monitoring throughout the year.
- 5.3 There is currently an underspend of £25,900 in the Treasurer's division, £17,200 of which relates to staff vacancies. This is unlikely to be sustained as a proportion relates to the PFI document imaging contract and will be used as MKC's contribution to costs incurred.
- 5.4 As a result of recruitment difficulties the use of contract staff has increased within I.T. with the resultant overspend on budget. A separate report on this issue is to be found at Item 21 of the main agenda.
- 5.5 The Corporate and Democratic Core is showing an overspend of £36,000. This relates to Millennium I.T. costs which are unlikely to stand the capital test and will therefore be paid from revenue. A carry forward of the underspent budget from 1998/99 has been requested to help fund these items.

5.6 The underspend on the Salary and Wages overhead accounts includes £7,500 in respect of childcare.

6. **Implications**

6.1 Environmental/Equalities

None

6.2 Financial

The report concerns itself with the Policy and Resources overall financial position. There are no direct implications.

6.3 Legal

None

6.4 Staff and Accommodation

None

7. **Conclusion**

7.1 Overall results for the Policy and Resources Committee show an underspend of £213,395 compared to budget, although a number of requests to carry forward budgets have been made.

7.2 Budget Monitoring for the financial year 1999/2000 has started and position reports will be taken to every scheduled meeting of this Committee. At 31 May 1999, the Policy and Resources Committee shows an overall overspend of £9,266. The main overspends are on I.T. staffing budgets and millennium revenue expenditure.

Background Papers: None

ANNEX A

	1999/2000 INFLATED ESTIMATE £	PERIOD 2 (31 May 1999)		Outturn Vs
		Outturn to 31 May £	Profiled Budget £	Profiled Budget £
<u>POLICY & RESOURCES COMMITTEE</u>				
Chief Executive's Office	0	106,376	109,950	(3,574)
Director and Support Costs	0	62,194	65,095	(2,901)
Finance	1,368,840	400,981	426,837	(25,927)
Corporate Administration	(663,090)	(14,609)	(24,889)	10,280
Information Technology	777,270	396,502	360,080	36,423
Legal and Property	0	189,699	194,437	(4,738)
Human Resources	0	255,672	265,358	(9,685)
Democratic Services	406,350	57,259	60,335	(3,075)
Corporate Management Costs	3,163,440	105,448	69,205	36,243
Externally Provided Services	0	925	925	0
Central Administration Buildings	70,220	462,456	460,119	2,337
Corporate Property Holding	142,970	(77,594)	(71,691)	(5,902)
Discretionary Rate Relief	225,000	0	0	0
Neighbourhood Councils & Parish Initiatives	458,510	191,342	188,155	3,187
Training	0	4,419	13,863	(9,444)
Salary & Wages Overhead	50,550	34,927	48,878	(13,951)
Additional Pensions ex MKBC & BCC	438,140	324,546	324,550	(4)
	<u>6,175,200</u>	<u>2,500,544</u>	<u>2,491,206</u>	<u>9,266</u>

ANNEX B

	1998/99 LATEST APPROVED BUDGET £	1998/99 ADJUSTED BUDGET £	FINAL OUTTURN	Outturn Vs Revised Budget £
Chief Executive's Office	0	0	(13,946)	(13,946)
Director and Support Costs	0	0	(2,961)	(2,961)
Treasurer's Department	1,354,830	1,354,830	1,100,178	(254,652)
Corporate Administration	(456,690)	(456,690)	(659,138)	(202,448)
Information Technology	45,650	45,650	246,516	200,866
Legal and Property	0	0	43,633	43,633
Human Resources	0	0	(35,904)	(35,904)
Democratic Services	386,470	386,470	420,525	34,055
Corporate Management Costs	3,173,220	3,173,220	3,104,571	(68,649)
Externally Provided Services	0	0	(14,557)	(14,557)
Central Administration Buildings	48,890	285,810	341,637	55,827
Corporate Property Holding	293,180	301,100	266,976	(34,124)
Discretionary Rate Relief	244,660	244,660	176,945	(67,715)
Neighbourhood Councils & Parish Initiatives	247,600	247,600	244,471	(3,129)
Training	5,000	5,000	(42,145)	(47,145)
Salary & Wages Overhead	(132,960)	(132,960)	(165,479)	(32,519)
Additional Pensions ex MKBC & BCC	422,330	422,330	489,789	67,459
Council Tax Transitional Relief Adjustment	0	0	(2,787)	(2,787)
Vacancy Provision 1998/99	(176,000)	(176,000)	0	176,000
Further Savings to be Achieved	(65,950)	(65,950)	0	65,950
	5,390,230	5,635,070	5,498,325	(136,745)