

ANALYSIS OF GENERAL FUND VARIANCES

CHILDREN AND YOUNG PEOPLE'S SERVICES

Reported variance:

£2,001k General Fund overspend at the end of Period 4.

Savings:

Directorate share of £7m target is **£1,750k**

Savings identified to date **£3,249k**

Savings to be identified (share of target plus removal of pressures) **£502k**

Income and expenditure variance analysis

CHILDREN AND YOUNG PEOPLE'S SERVICES [General Fund]					
General Fund	Expenditure variance	Income variance	Net pressures in SAP	Known issues not in SAP	Adjusted net pressure
	£'000	£'000	£'000	£'000	£'000
Reported variance	2,152	(250)	1,902	99	2,001
Savings identified	(3,249)	0	(3,249)	n/a	(3,249)
TOTAL	(1,097)	(250)	(1,347)	99	(1,248)

Analysis of SAP Variations against Revised Budget

Service Area – Ideally at Objective Analysis level	GF £'000	DSG £'000	Narrative – This should be a note of what the variation is and why it has occurred.
Inclusion (Targeted Services)	(100)	(56)	GF: Reinstatement of Educational Psychology income target £(60k) ; net underspend on SENDIS budgets £(33k) ; other £(7k) . DSG: SENDIS staff cost underspend re vacancies £(49k) ; other £(7k) .
Family Support (Specialist Services)	337	297	GF: Agency Staff overspend due to workloads, vacant posts and maternity cover £353k ; one-to-one support for extraordinary Children With Disabilities case £58k ; various non-staffing costs £53k ; External Placements saving due to placements within MK £(155k) ; other (mainly legal costs) £28k . DSG: Placements at a registered independent school £298k ; other £(1k) .

PCP Group Management (Planning, Commissioning & Performance)	168	(452)	GF: PCT non-recovery of joint-funded posts £75k ; other smaller items £93k . DSG: Reduction in forecast re Schools in Financial Difficulty £(234k) ; NNDR refunds due £(218k) .
Commissioning (PCP)	908	18	GF: Termination costs of brokered school meals contract with Sodhexo £330k ; Cygnet pre-contract costs £296k ; Long-term sickness absence (based on P1-P4 activity) £88k ; Service Development overspend on existing contracts £74k ; PCT non-recovery of joint-funded posts £50k ; other £70k . DSG: Schools Licences £18k .
Schools Capital (PCP)	594	0	GF: Giles Brook estimated further legal costs £233k ; Schools Legal Investigations estimated further costs £195k ; Property Support Team set-up and under-recovery of project income £161k ; other £5k .
Miscellaneous	(5)	(13)	Notable smaller items include Early Extended and Enhanced Learning £(86k) ; Learning 11-19 £(80k) ; Access&Inclusion Group Management £80k ; Strategic Management £54k .
(Under)/Overspend reported for P4 in SAP	1,902	(206)	
Known issues not in SAP forecast			
Commissioning (PCP)	(101)	0	<i>CAF Service potential underspend £(78k); Service Development contribution £(23k).</i>
<i>Achievement Group Management (Achievement)</i>	75	0	<i>Radcliffe Academy Development Project. A Cabinet Report from 23rd June highlighted £100k of Revenue costs for Legal/HR/Project Management costs for the authority. These are expected to be incurred across financial years 2009/10 £75k and 2010/11 £25k.</i>
<i>Targeted Services</i>	65	0	<i>Correction of misstatement of pay inflation variance in SAP £65k.</i>
<i>Schools Capital</i>	60	0	<i>Demolition of unsafe caretakers' houses £60k.</i>
Total adjustment for known issues not in SAP	99	0	
Adjusted (Under)/Overspend at P4	2,001	(206)	

Significant Risks

The main areas of risk affecting both the achievement of the savings target and ongoing budget constraints are:

Contractors: This issue is part of the savings proposals, recorded as a £1.5m potential payment from contractors. This is a very commercially sensitive area as it is still under negotiation. Should agreement be made a decision still needs to be made as to what extent the payment can actually be offset against revenue targets.

Family Support: External Placements – This is a volatile budget which is relatively demand led and as such is prone to financial swings. The savings included within this document have removed all flexibility should any new cases present themselves. Each new case has the potential to cost up to £250k.

Broadband: A change in funding arrangements by the DCSF has meant that the costs of broadband trading now have to be fully met by schools. An appropriation from the reserve has potentially balanced the budget in 2009/10, however the full costs of the service are not fully known and the reserve will have been fully utilised. There is potential for exposure here of £150k-£300k.

ENVIRONMENT

Reported variance:
£906k overspend at the end of P4.

Savings:
Directorate share of £7m target is **£1,950k**
Savings identified to date **£2,519k**
Savings to be identified (share of target plus removal of pressures) **£337k**

Income and expenditure variance analysis

General Fund	Expenditure variance	Income variance	Net pressures in SAP	Known issues not in SAP	Adjusted net pressure
	£'000	£'000	£'000	£'000	£'000
Reported variance	819	87	906	0	906
Savings identified	(2,339)	(180)	(2,519)	n/a	(2,519)
TOTAL	(1,520)	(93)	(1,613)	0	(1,613)

Analysis of SAP Variations against Revised Budget

Service Area – Ideally at Objective Analysis level	£'000	Narrative – This should be a note of what the variation is and why it has occurred.
Strategic Management & Support Services	796	Pressures identified within 2009/10 Environment budget build £399k ; Environment share of workforce savings still to be found £365k ; overspend on DC software £32k . [The first two of these items are included in the directorate's action plan].
Central Administration Buildings	(146)	Savings re utility costs and the end of the Lloyds Court lease £(182k) ; additional prudential borrowing for capital works on chillers £36k .
Planning & Transport Mgmt	150	The downturn in the housing market has continued into 2009-10. This is resulting in lower than budgeted Land Charge income.
Passenger Transport	218	Fares increase not budgeted for in Concessionary Fares £220k ; additional costs of bus subsidies £18k ; salary pressures £13k ; service development overspend £11k ; savings on Community Transport £(45k) .
Highways	548	Insufficient budget for grid roads landscaping due to budget reductions in 2008/9 pending the decision to transfer land to the Parks Trust £295k ; Cabinet agreed use of reserves for pothole repairs £155k ; Cabinet decision to fund additional pothole repairs £95k ; other £3k .
Environmental Health	(200)	Additional income from cemeteries, community and food safety prosecutions.
Waste	(300)	Savings on LATS are anticipated due to the current cost of permits being lower than budgeted.
Trading organisations	(182)	Improved trading positions for Highways Trading £(129k) and Landscape Trading £(59k) ; other £6k .
Miscellaneous	22	Significant smaller service area variances include Parish & Localities £(42k) ; Development Control £38k ; Spatial Planning £38k .
(Under)/Overspend Reported for P4	906	

Significant Risks

Traffic: Parking income continues to be of a volatile nature, and despite rate increases is still considerably lower than that achieved in the early part of 2008/09. There is a risk that income expectations will not be reached;

Facilities: No provision has been made for additional costs of facilities volumetric charges from Mouchel;

COMMUNITY WELLBEING (formerly Neighbourhood Services)

Reported variance:

£(883k) underspend at the end of P4.

[This figure takes account of £1,170k of the £1,641k of efficiencies identified by the directorate].

Savings:

*Directorate share of £7m target is **£2,450k***

*Savings identified to date **£1,641k** [of which £1,170k have been taken into account in the directorate forecast variance]. Therefore **£471k** of additional savings identified.*

*Savings to be identified (share of target plus removal of pressures) **£1,096k***

Income and expenditure variance analysis

General Fund	Expenditure variance £'000	Income variance £'000	Net pressures in SAP £'000	Known issues not in SAP £'000	Adjusted net pressure £'000
Reported variance	3,585	(4,165)	(580)	(303)	(883)
Savings identified	(457)	(14)	(471)	n/a	(471)
TOTAL	3,128	(4,179)	(1,051)	(303)	(1,354)

Analysis of SAP Variations against Revised Budget

Service Area – Ideally at Objective Analysis level	£'000	Narrative – This should be a note of what the variation is and why it has occurred.
Mental Health	(255)	Incomplete Pooled Budget forecasts.
Learning Disability	(307)	Placements underspend £(852k) ; Internal Daycare underspend £(113k) ; Supported Living overspend £532k ; Direct Payments £150k ; Other £(24k) .
Physical Disability	295	Placements overspend £301k ; other £(6k) .
Older People	(210)	FE Residential & Nursing underspend £(203k) ; Domiciliary Care underspend £(191k) ; EMH Daycare underspend £(113k) ; EMH Domiciliary care overspend £206k ; EMH Residential & Nursing overspend £189k ; other £(98k) .
Learning, Leisure &	(43)	Arts Development underspend £(196k) ;

Service Area – Ideally at Objective Analysis level	£'000	Narrative – This should be a note of what the variation is and why it has occurred.
Culture		Sports & Events underspend £(145k) ; Libraries/Learning/Heritage overspend £338k ; other £(40k) .
Miscellaneous	(60)	Significant smaller service area variances include Head of Adult Social Care £(78k) ; Homelessness £81k .
(Under)/Overspend Reported for P4 in SAP	(580)	
Known issues not in SAP forecast		
<i>Homelessness</i>	<i>(109)</i>	<i>Outstanding correction to SAP forecast.</i>
<i>Mental Health</i>	<i>192</i>	<i>Outstanding corrections to SAP forecast including Pooled PCT budgets £205k [bringing the underspend down to £(50k)] and income variances £(13k).</i>
<i>Physical Disability</i>	<i>(139)</i>	<i>Outstanding corrections to SAP forecasts comprising Domiciliary Care £(125k) and Other £(14k).</i>
<i>Alarms & Sheltered Housing</i>	<i>(266)</i>	<i>Outstanding corrections to SAP forecasts re Control Centre £(120k); Schemes £(83k); Co-ordination £(41k); other £(22k).</i>
<i>Learning, Leisure & Culture</i>	<i>28</i>	<i>Outstanding corrections to SAP forecasts re Sports & Events £145k; Arts Development £(48k); Communities & Third Sector £(52k); Management £(46k); other £29k.</i>
<i>Other</i>	<i>(9)</i>	<i>No residual service area adjustments over £50k.</i>
Total adjustment to reflect known issues not in SAP	(303)	
Adjusted (Under)/Overspend at P4	(883)	

Significant risks

Adult Social Care: No contingency in the adult social care commissioning budget to fund unpredictable individual packages of complex expensive care. Demand on social care is relatively predictable based on known volumes and costs but there can be individuals with a very high levels of need, previously unknown to social care who suddenly (typically through accident/severe illness or moving to the city) require a high level of care.

General: Need to respond to any unprecedented/unpredictable demand on front line services. The management of in-year efficiencies means that 10 posts in social care and housing are being held vacant on a temporary basis until the end of this financial year. This is manageable with tight controls but should demand increase beyond what is currently anticipated then there will be a requirement to cover these vacancies.

CHIEF EXECUTIVE

Reported variance:
£308k overspend at the end of P4.

Savings:

Directorate share of £7m target is **£10k**

Savings identified to date **£Zero**

Savings to be identified (share of target plus removal of pressures) **£318k**

Income and expenditure variance analysis

CHIEF EXECUTIVE'S OFFICE					
General Fund	Expenditure variance	Income variance	Net pressures in SAP	Known issues not in SAP	Adjusted net pressure
	£'000	£'000	£'000	£'000	£'000
Reported variance	308	0	308	0	308
Savings identified	0	0	0	n/a	0
TOTAL	308	0	308	0	308

Analysis of SAP Variations against Revised Budget

Service Area – Ideally at Objective Analysis level	£'000	Narrative – This should be a note of what the variation is and why it has occurred.
Chief Executive and Support	68	Senior Staff pay review £71k ; Realignment of vacancy provision £(3k) . This will be dealt with at directorate level and removed as part of the P5 monitor
(Under)/Overspend Reported for P4 in SAP	68	
Known issues not in SAP forecast		
<i>Radcliffe project</i>	240	<i>Committed spend which may only be recovered if the land sale takes place but will be funded from reserves should the sale not proceed £240k.</i>
Total adjustment to reflect known issues not in SAP	240	
Adjusted (Under)/Overspend at P4	308	

Significant risks

None identified.

FINANCE & RISK MANAGEMENT

Reported variance:

£(306k) underspend at the end of P4.

Savings:

Directorate share of £7m target is **£570k**

Savings identified to date **£587k**

Savings to be identified (share of target plus removal of pressures) **£Zero**

[Savings identified are sufficient to cover share of £7m target and all forecast pressures for the directorate, with £323k to spare].

Income and expenditure variance analysis

FINANCE & RISK					
General Fund	Expenditure variance	Income variance	Net pressures in SAP	Known issues not in SAP	Adjusted net pressure
	£'000	£'000	£'000	£'000	£'000
Reported variance	468	(958)	(490)	184	(306)
Savings identified	(587)	0	(587)	n/a	(587)
TOTAL	(119)	(958)	(1,077)	184	(893)

Analysis of SAP Variations against Revised Budget

Service Area – Ideally at Objective Analysis level	£'000	Narrative – This should be a note of what the variation is and why it has occurred.
Partnership Delivery	109	Allocation of saving target £159k ; Salary savings due to vacant posts £(50k) .
Procurement	53	Supplies&Services overspend £32k ; forecasting adjustment to be actioned £21k .
Externally Provided Services	68	Additional Audit Commission costs re restatement of accounts in IFRS format £68k .
Miscellaneous (non Revenues & Benefits)	(59)	Significant smaller service area variances include Strategic Finance £(32k).
Benefit overpayments recovered	(350)	This is recognition that there will be additional income for sundry debtor overpayments recovered.
Court Fee income	(150)	This is an estimate of the additional income which will be generated from the change in policy on raising court costs income.
Housing and Council Tax Benefits	(227)	Additional income receivable from DWP.
Other Revenues & Benefits	66	Predominantly the additional costs of implementing Audit Commission inspection £50k.
(Under)/Overspend Reported for P4 in SAP	(490)	
Known issues not in SAP forecast		

<i>Housing Benefits</i>	211	<i>Provision for post-audit changes to Housing Benefits client</i>
<i>Miscellaneous</i>	(27)	<i>Additional income £(19k); other £(8k)</i>
Total adjustment to reflect known issues not in SAP	184	
Adjusted (Under)/Overspend at P4	(306)	

Significant risks

Housing & Council Tax Benefits: The manager has estimated that there could be an additional income receivable from DWP of (£199,000) due to improvements in the processes for rent allowances and council tax benefits. However due to the uncertainty re the current year and previous year's audit and the effect of the increased demand, this has not been included in the SAP forecasts and is being held as a provision. There is also the possibility with the downturn in the economy that the case load and subsequently work load of the benefits section increases. This may lead to an increased backlog and more Local Authority overpayments being created which leads to a reduction in the subsidy recovery percentage. A 0.1% change in the recovery percentage has an impact of £50,000 based on current levels of spend;

Rent Rebates - There has been a change to the DCLG rent restructuring regime. As a result, the HRA rents (and associated benefit payments) will change. This is currently being worked through and will be completed for P5;

Court Costs Income: The Revenues section has changed the procedure re raising of court costs to claimants. There are now different costs depending on whether it is a summonses or a liability order. It is hoped that this will both generate more income and also increase debt recovery. The Revenues Manager has estimated that this could be an additional £80,000;

STRATEGY AND PARTNERSHIP

Reported variance:
£(77k) underspend at the end of P4.

Savings:

*Directorate share of £7m target is **£270k***

*Savings identified to date **£480k***

*Savings to be identified (share of target plus removal of pressures) **£Zero***

[Savings identified are sufficient to cover share of £7m target and all forecast pressures for the directorate, with £287k to spare].

Income and expenditure variance analysis

STRATEGY & PARTNERSHIP					
General Fund	Expenditure variance	Income variance	Net pressures in SAP	Known issues not in SAP	Adjusted net pressure
	£'000	£'000	£'000	£'000	£'000
Reported variance	(111)	2	(109)	32	(77)
Savings identified	(480)	0	(480)	n/a	(480)
TOTAL	(591)	2	(589)	32	(557)

Analysis of SAP Variations against Revised Budget

Service Area – Ideally at Objective Analysis level	£'000	Narrative – This should be a note of what the variation is and why it has occurred.
Strategy & Regeneration	(38)	Savings identified in printing budget and release of element of roll-forward £(38k) .
Legal Services	(30)	Savings on staffing costs due to vacancies not yet filled £(30k) .
Miscellaneous	(41)	Significant smaller service area variances include Democratic Services £(25k) .
(Under)/Overspend Reported for P4 in SAP	(109)	
Known issues not in SAP forecast		
<i>Legal Services/Policy&Performance</i>	32	<i>SAP forecasts do not yet reflect the appropriate budget adjustments.</i>
Total adjustment to reflect known issues not in SAP	32	
Adjusted (Under)/Overspend at P4	(77)	

Significant risks

Strategy, Governance & Performance: There is £41,000 of unallocated savings remaining on the Corporate Director's cost centre

Legal Services: Legal have not been able to raise any bills due to issues related to the new system therefore costs and income for Legal services are still outstanding. The recovery of income targets is also not clear but could be anticipated in the region of £100,000 below target;

HR: There is scope for savings from the carry forward of Corporate Training budgets which could be used to fund the new employee development assistance programme which is awaiting approval;

DEBT FINANCING

Reported variance: £(518k) underspend at the end of P4.

Efficiencies:

Debt Financing was excluded from the scope of the Savings Target exercise.

Income and expenditure variance analysis

General Fund	Expenditure variance £'000	Income variance £'000	Net pressures in SAP £'000	Known issues not in SAP £'000	Adjusted net pressure £'000
Reported variance	(930)	412	(518)	0	(518)
Savings identified			0	n/a	0
TOTAL	(930)	412	(518)	0	(518)

Analysis of SAP Variations against Revised Budget

Service Area – Ideally at Objective Analysis level	£'000	Narrative – This should be a note of what the variation is and why it has occurred.
Minimum Revenue Provision – General Fund	(180)	Lower revenue charge in 2009/10 for statutory repayment of debt due to slippage in capital programme £(180k) .
Interest – Long Term Loans	(666)	Premature repayment of £20m PWLB borrowing, therefore lower interest payable £(666k) .
Interest – Temporary Loans and Investments	433	Reduced cash balances because of decision to repay long-term borrowing, coupled with lower interest rates £433k .
Miscellaneous	(105)	Predominantly reduced interest payable because of lower interest rates.
(Under)/Overspend Reported for P4 in SAP	(518)	
Known issues not in SAP forecast		
<i>None</i>	<i>0</i>	<i>Not applicable.</i>
Total adjustment to reflect known issues not in SAP	0	
Adjusted (Under)/Overspend at P4	(518)	

Significant risks

No areas of concern are reported at Period 4.