

**CORPORATE SERVICES  
SCRUTINY AND PERFORMANCE PANEL**

**Agenda  
Item No.**

**DATE: 21 JULY 2009**

**2008/09 FINAL BUDGETARY POSITION PRIOR TO EXTERNAL AUDIT**

**Ward(s)** All

**Portfolio:** Councillor Towe: Finance & Personnel

**Summary of report**

This report summarises the outturn position for the year ended 2008/09 for corporate services, which is subject to external audit during July.

**Recommendation**

To note the 2008/09 year end financial position within corporate services, an underspend position of £1,292k.

**Background papers**

Various financial working papers.

Quarterly reporting to Scrutiny Panel throughout year

2008/09 Budget Books on Council's Internet and Intranet

**Reason for scrutiny**

To inform the panel of the financial position for 2008/09 of Corporate services

**Signed:**



**Chief Finance Officer:** James T Walsh

**Date:** 29 June 2009

## **Resource and legal considerations**

The budgets were set as part of the council's budget setting process in line with the Medium Term Financial Strategy.

The accounts were monitored and reported on as part of the budget guidelines and all entries into the final accounts have been undertaken in line with Accounting Guidance and Standards applicable to local government.

## **Citizen impact**

The budget is aligned with service activity within service plans across the council. Investment has been targeted at service improvement, stability and user demand.

## **Environmental impact**

None directly associated with this report.

## **Performance management**

Financial performance is considered alongside service targets. All targets which have a finance impact have been met.

## **Equality Implications**

Services consider equality issues in setting budgets and delivering services. Irrespective of budgetary pressures the council must fulfil equal opportunities obligations.

## **Consultation**

Consultation was undertaken as part of the budget setting process and throughout the financial year.

## **Contact Officer:**

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## 1 Revenue Outturn 2008/09 – Corporate Services

- 1.1 The revenue outturn for 2008/09 for the Corporate directorate is an underspend of **£1,292k**. This position is subject to external audit evaluation which will take place during July.

## 2 Summary of Financial Position

- 2.1 There is a pre audit underspend across all Corporate service areas for 2008/09 of **£1,292k** which is shown in **Table 1**

**Table 1 - Outturn for Corporate compared to the base budget 2008/09**

<b>Service</b>	<b>Spend (£'000)</b>	<b>Budget (£'000)</b>	<b>Variance (£'000)</b>	<b>Reserves (£'000)</b>	<b>Final (£'000)</b>
Finance	4,084	4,941	-857	608	-249
Legal (including Mayoral)	3,213	3,051	162	-3	159
Internal Audit	530	570	-39		-39
CMT	1,076	1,122	-46		-46
Revenues and Benefits	580	1,363	-783		-783
<b>Subtotal</b>	<b>9,483</b>	<b>11,047</b>	<b>-1,564</b>	<b>606</b>	<b>-959</b>
Transformation	14,722	14,066	656	-774	-118
Corporate Performance Management (CPM)	1,608	1,801	-193	-23	-216
<b>Total</b>	<b>25,812</b>	<b>26,914</b>	<b>-1,102</b>	<b>-190</b>	<b>-1,292</b>

Key: “+” = Adverse position i.e. overspent; “-” = Favourable position i.e. underspent

- 2.2 The main reasons for the underspend position within Corporate were:

- Additional grant funding and income (£450k) for revenues and benefits
- Holding of vacant posts, especially in finance and performance management
- Restriction of non essential spend to aid the council wide overspend

- 2.3 In terms of specific services:

- Finance was largely underspent due to vacancies (£362k) – there are currently 12 vacancies in Finance and there were more during 2008 - and cutbacks in non essential spend to assist the corporate position.
- Legal was overspent due to shortfalls in income relating to conveyancing (£101k), and agency staff overspends (£266k) relating to demand on service.
- The Internal Audit section was underspent due to vacant posts.
- The Corporate Management Team (CMT) underspend was due to the Director of Resources post being vacant for the majority of the year, partly offset by recruitment costs.
- Revenues and Benefits combined underspend was due in Benefits to additional subsidy claims (more successful in claiming government funding than budgeted) and increased recovery of overpayments (£1m). The Revenues element was due to vacant posts and cutbacks in non essential spend.
- Transformation was underspent largely due to cutbacks in use of agency staff and holding open vacant posts to assist the corporate position in business support and vacancies in Human Resources and Development.
- Corporate Performance Management was underspent due to cutbacks in non essential spend as well as slippage of several projects (£50k).

2.4 **Table 2** summarises the use of, and contributions to, reserves in 08/09. Net £190k contribution to reserves

**Table 2 – Use of, and contributions to, reserves in 2008/09**

SERVICE	DETAIL OF OVERSPEND COVERED	AMOUNT (£'000)
Transformation	West Midlands Centre of Excellence funding – carry forward from 2007/08	-35
Transformation	Earmarked receipt for transformation	-15
Transformation	HRD restructure costs – carry forward from 2007/08	-68
Transformation	Team awards – carry forward from 2007/08	-23
Transformation	Pay and Grading – carry forward from 2007/08	-50
Transformation	Pay and Grading - Use of Reserves	-294
Transformation	Workforce planning and Honoraria Reports	-100
Transformation	Earmarked receipt for transformation	-105
Transformation	Carry forward of underspend	-85
CPM	Consultancy work – data protection – carry forward from 2007/08	-3
CPM	Carry forward of under spends (originally from 06/07)	-19
Finance	Finance Pay Modelling	-47
Finance	Early retirement contributions (transfer to reserves)	655
Mayoral	Dora Awards	-3
<b>TOTAL AMOUNT TO BE COVERED</b>		<b>-190</b>

2.5 The figures below summarise the requested carry forwards in to 2009/10.

**Table 3 - Requests for carry forward of underspends**

Service	Detail	Amount (£'000)
CPM	Project management software	40
CPM	Software maintenance	28
Finance	Carry forward of risk training grant	29
Finance	Provision for European grant assistance	10
Mayoral	Roll forward of DORA award income	4
Revenues and Benefits	Restructure of service	40
Revenues and Benefits	Subsidy reserve	350
Revenues and Benefits	Implementation of business critical software	100
Revenues and Benefits	Restructure of service	40
Transformation	Payroll server	50
Transformation	Cover of maternity leave	35
Transformation	Roll forward of funding for recruitment initiatives	11
<b>Total</b>		<b>737</b>

2.6 The capital position showed an underspend due to slippage of several key projects, **Table 4** gives details:

**Table 4 – Summary of Outturn Capital Position**

<b>CFR No</b>	<b>Project description</b>	<b>Budget £</b>	<b>Outturn £</b>	<b>Variance £</b>	<b>Approved slippage</b>
563	Benchmarking software (Electronic Data Transfer Workflow)	15,000	15,000	0	0
543	Implementation of 2 cashier machines	75,000	0	-75,000	66,949
564	Software to automate benefit application forms (Electronic Data Capture)	100,000	0	-100,000	100,000
542	Workflow software to automate post summons recovery action	50,000	7,785	-42,215	31,926
538	Risk management	112,000	35,677	-76,323	50,000
539	Self-insured property damage	311,000	71,986	-239,014	150,000
134	Replacement of benefits system (SX3)	100,636	11,213	-89,423	89,423
596	Enveloping machine	10,300	7,500	-2,800	0
		<b>773,936</b>	<b>149,161</b>	<b>-624,775</b>	<b>488,298</b>