

## Draft Strategic Services Departmental Budget Monitoring Report - to 30 September 2004

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*Summary: The month 6 forecast is currently showing an overspend of £399k against budget.*

	Budget	Actual		Forecast		Variance
	Full Year Budget £'000	Year to date £'000	Compared to Budget %	Remaining for year £'000	Full Year Forecast £'000	Forecast less Bgt £'000
FMS	5,862	2,221	38%	3,717	5,938	76
Improvement & Development	16,084	8,869	55%	7,220	16,089	5
Performance & Strategy	9,854	5,791	59%	4,233	10,024	170
Legal and Democratic	5,523	5,394	98%	277	5,671	148
SLA Income	-30,405	-30,384	100%	-21	-30,405	0
<b>Strategic Services Total</b>	<b>6,918</b>	<b>-8,109</b>	<b>-117%</b>	<b>15,426</b>	<b>7,317</b>	<b>399</b>

### EXPLANATION OF MAJOR VARIANCES

FMS	<p><b>Net overspend of £76k.</b></p> <ul style="list-style-type: none"> <li>Included in this monitor is an estimate of £80k for recruitment of a financial director. The estimate is based on costs for the last recruitment round for that post.</li> <li>Vacancies are being covered by interim agency staff, higher costs are being offset by savings in audit fees (£286k).</li> </ul>
Improvement and Development	<p><b>Net overspend of £5k.</b></p> <ul style="list-style-type: none"> <li>Overall the division is showing small overspend. An overspend of approximately £40k on the call centres is offset by savings on IT third party contracts.</li> </ul>
Strategy and Performance	<p><b>Net overspend of £170k.</b></p> <ul style="list-style-type: none"> <li>Additional costs of vacant posts being covered by agency staff and interim managers (£146k).</li> <li>Professional fees will be overspent due to expenditure on organisational Re-design (£224k). BPR for Complaints Handling &amp; various Procurement initiatives are examples of projects that were not specifically budgeted for.</li> </ul>

	<ul style="list-style-type: none"> <li>• There is £200k underspend achieved on other areas to offset the above overspend. The managers have been instructed to reduce spending further to redress the £170k overspends and this will be monitored closely.</li> </ul>
Legal and Democratic	<p><b>Net overspend of £148k.</b></p> <ul style="list-style-type: none"> <li>• Land charges were budgeted at £1.125m. It is demand led, but indications are that the property market is slowing down and the projected income is expected to be £125k below budget. Management is monitoring this closely.</li> <li>• Legal Services are showing increases in expenditure, which is matched by additional income due to increased in legal activities (£398k).</li> </ul>
Additional Risk Appraisal	<ul style="list-style-type: none"> <li>• The department spends nearly 40% of its budget on staff. There is a high dependency on agency staff with potentially higher costs and loss of efficiency from high turnover and loss of knowledge and experience.</li> <li>• Responding to the need for organisational change and the modernisation agenda has resulted in significant new and transferred budgets that need to be closely monitored.</li> <li>• The department attracts a considerable amount of grant funding and must ensure that expenditure does not exceed the approved allocation. However there is also a risk to future funding should the department fail to spend the allocation in accordance with grant conditions or where targets are not met.</li> <li>• External income is relatively minor with the exception of land charges income of £1m. The level of income is dependent on the property market and is monitored closely to detect changes in demand.</li> </ul>