

Regeneration Departmental Budget Monitoring Report - as at 31st October 2005 (Provisional)

Summary: The forecast outturn position is £91k over budget (0.2% of the gross budget)

DIVISION	EXPENDITURE		INCOME		NET EXP/ INCOME		Variance	
	Full Year Budget £'000	Full Year Forecast £'000	Full Year Budget £'000	Full Year Forecast £'000	Full Year Budget £'000	Full Year Forecast £'000	Forecast less Bgt £'000	as % of Budget %
Department Overhead & Business Support	4,265	4,236	-260	-219	4,005	4,017	12	0.3%
Property Development	9,912	10,060	-5,699	-5,827	4,213	4,233	20	0.5%
Property Portfolio Management	3,817	3,805	-4,197	-4,163	-380	-358	22	-5.8%
Planning & Transport								
Head of Planning & Transport	203	348	0	-100	203	248	45	22.2%
Development & Building Control	3,142	4,120	-2,452	-3,456	690	664	-26	-3.8%
Policy	988	912	0	0	988	912	-76	-7.7%
Traffic	1,409	1,521	-308	-358	1,101	1,163	62	5.6%
Economic & Strategic Partners	3,917	4,352	-1,455	-1,863	2,462	2,489	27	1.1%
Peckham Partnership & Social Renewal	4,926	5,029	-3,502	-3,599	1,424	1,430	6	0.4%
Elephant & Castle Development	2,036	2,058	-55	-78	1,981	1,980	-1	-0.1%
Elephant Links Mgt & Partnership	2,229	2,229	-1,903	-1,903	326	326	0	0.0%
NRF	0	0	0	0	0	0	0	
Aylesbury project	434	434	-250	-250	184	184	0	0.0%
Regeneration Total	37,278	39,104	-20,081	-21,816	17,197	17,288	91	0.2%

EXPLANATION OF MAJOR VARIANCES – REGENERATION

Division	Explanation of variance
Property Development & Support	Forecast gross expenditure overspend relates mainly to unanticipated increased professional fees for Manhattan, GIS and Potter's Field. Some of these costs are to be met by the contingency budget for Potter's Field, the full impact of which will be reflected in the M8 monitor. Favourable Gross Income variance mainly due to increased overhead recharges.
Property Portfolio Management	Gross Expenditure under-spend due to anticipated reduced spend on R&M, Professional fees and Property management. Downward projection of gross income due to expected reduced internal survey fees and service charges. Also loss of income from Film licenses.

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EXPLANATION OF MAJOR VARIANCES – REGENERATION

Division	Explanation of variance
Planning & Transport	<p><u>Head of Planning & Transport</u> Gross Expenditure overspend is due to additional costs for Consultants, Agency Staff, Project Officer Costs and Training.</p> <p><u>Development & Building Control</u> Most of the variance on both expenditure and income is due to the re-profiling of budget required on SAP. Other variance on gross expenditure relates to staffing levels for the current arrangement.</p> <p><u>Policy</u> A revised assessment of UDP costs has produced less than planned cost profile thus resulting in under-spend.</p> <p><u>Traffic</u> Projected gross expenditure overspend is mainly the result of the Traffic Control System unit (TCSU) maintenance costs and the Lorry Ban charge. Favourable income variance due to increased recharge to TfL.</p>
Economic Development & Strategic Partnership	There will be budget adjustments to both expenditure and income to reflect grant income expenditure. Balancing projected overspend due mainly to engagement of Agency Manager to cover maternity.
Peckham Programme & Social Renewal	There will be SAP budget adjustments to both expenditure and income to reflect grant income expenditure. Balancing net variance not material.
Elephant & Castle Development Project	No material variance reported.
Elephant & Castle SRB	No material variance reported.
Aylesbury Project	The variance mainly relates to the budget set aside to enable Southwark Council to act and receive independent advice with reference to the development plans for the Aylesbury NDC with specific reference to the South West Corner. After thorough review in
Dept O/H & Business Support	No material variance reported.

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ADDITIONAL RISK APPRAISAL – REGENERATION

Division	Additional risks identified
Property Development & Support	None reported
Property Portfolio Management	None reported
Planning & Transport	<p><u>Head of Planning & Transport</u> No perceived risks</p> <p><u>Development & Building Control</u></p> <p>The full impact of the review exercise cannot be established at present. Proposed business reorganisation as well as a statutory fee increase may also impact on these projections. 2.6% of the applications account for 47% of the income. Any downward variation in activity at this level will affect projections.</p> <p><u>Policy</u> No serious risks have been identified.</p> <p><u>Traffic</u> Proposed reorganisation may impact on these projections.</p>
Economic Development & Strategic Partnership	No serious risks have been identified
Peckham Programme & Social Renewal	None Reported
Elephant & Castle Development Project	None Reported
Elephant & Castle SRB	None Reported
Aylesbury Project	None Reported
Dept O/H & Business Support	None Reported

Summary: The month 7 forecast is currently showing an overspend of £529k against budget (0.8% of gross budget).

DIVISION	EXPENDITURE		INCOME		NET EXP/ INCOME		Variance	
	Full Year Budget £'000	Full Year Forecast £'000	Full Year Budget £'000	Full Year Forecast £'000	Full Year Budget £'000	Full Year Forecast £'000	Forecast less Bgt £'000	as % of Budget %
FMS	5,923	5,919	-183	-183	5,740	5,736	-4	-0.1%
Improvement and Development	25,859	26,884	-2,074	-3,004	23,785	23,880	95	0.4%
Strategy and Performance	17,274	17,758	-6,609	-7,005	10,665	10,753	88	0.8%
Legal and Democratic	15,789	15,678	-8,248	-7,787	7,541	7,891	350	4.6%
SLA Income	0	0	-40,958	-40,958	-40,958	-40,958	0	0.0%
Strategic Services Total	64,845	66,234	-58,072	-58,937	6,773	7,302	529	0.8%

EXPLANATION OF MAJOR VARIANCES – STRATEGIC SERVICES

Division	Explanation of variance
FMS	Net underspend of £4,000. No major variances to report.
Improvement and Development	<p>Net overspend of £96k</p> <ul style="list-style-type: none"> CSC volumes are being kept under review to identify any variations from the budgeted level. New posts in the CSC Client Unit have taken longer to fill than anticipated resulting in additional consultancy costs in the interim period. Projections are based on most of the posts being filled in the course of the year with the flexibility of cover provided by consultants and agency staff for the hard to fill posts. Customer Services projects an over spent of £56k due to the settling of the Huntress contingent liability and the extra agency cover for the Contact Centres during the period prior to the transfer to the CSC provider Additional IT costs will be recovered from recharges to client departments <p>Increase in gross expenditure was matched by corresponding increase in gross income in the following areas, Corp IT and Corporate Learning & Development</p>

EXPLANATION OF MAJOR VARIANCES – STRATEGIC SERVICES

Division	Explanation of variance
Strategy and Performance	<p>Net overspend £87k A combination of factors including additional costs of Southwark life production.</p>
Legal and Democratic	<p>Net overspend of £350k The net overspend is mainly due to under-recovery of income in Legal Services, the Registrars Service and Land Charges.</p> <ul style="list-style-type: none"> • The volume of marriages has fallen and based on current trends a shortfall in income of £100k is projected. • A £75k shortfall in Land Charge income is expected. • Legal Services are projecting an under-recovery of internal income. More time is being spent on non-chargeable corporate work which is budgeted for through the Legal Services corporate SLA and hourly rate charges to departments have not kept pace with increased costs. Charging structures are under review to achieve a realistic rate and a simplified system however it should be noted that a significant amount (approximately £200k) is due to pressures within the division to provide support on corporate issues which are not directly chargeable to individual departments.

ADDITIONAL RISK APPRAISAL – STRATEGIC SERVICES

Division	Additional risks identified
All	<ul style="list-style-type: none"> • 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. • 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.