

FINANCE DEPARTMENT - FINANCIAL MONITORING

1. EXECUTIVE SUMMARY

- 1.1 This is one of a series of reports submitted to Members throughout the year, the purpose of which is to highlight the financial performance of the Finance Department during 2006/07.

2. BUDGET FOR THE FINANCIAL YEAR 2006/07

- 2.1 Further to the reporting of the Estimates 2006/07 to Cabinet on 20 February 2006 and to Council on 1 March 2006, the approved budget for the Finance Department was £15,344,600. Reflecting adjustments for Service Re-Engineering and the reallocation of internal recharges, the budget was revised to £15,272,300.

- 2.2 As part of the preparation of the Estimates for 2007/08 the 2006/07 budget was also reviewed, This was reported to this Committee on 6 February 2007 and was then referred to Cabinet on 19 February 2007 and Council on 1 March 2007. The budget is now £13,394,000 analysed over service areas as follows :

	£
Support Services	
Archives	217,600 DR
Administration and Management	-
Pay and Tax Control	-
Procurement and Creditors	-
Financial Services	
Financial Services	-
IT Services	
IT Services	2,239,200 DR
Administrative Buildings	-
Benefits, Revenues and Customer Services	
Benefits	7,600,600 DR
Council Tax	3,162,400 DR
One Stop Shops	263,400 DR
Call Centre	-
Business Rates	282,100 DR
Pension Fund	
Pension Fund	-
Other Functions	
Internal Audit	-
Reinvestment and Procurement	<u>271,300 CR</u>
Finance Department budget	<u>13,394,000 DR</u>

3. FINANCIAL MONITORING 2006/07

3.1 Progress On Policy Options

3.1.1 There were no policy options approved for the Finance Department.

3.2 Progress On Savings

3.2.1 Other than Service Re-engineering there were no savings targets for the Department.

3.3 Bridging Finance

3.3.1 The consolidation of the various departmental IT units into a Corporate IT Unit within the Finance Department was agreed by Cabinet on 2 March 2006.

3.4 Cabinet / Executive Board decisions

3.4.1 Cabinet on 20 February 2006 agreed a four year programme of investment into street lighting which required £140,000 in 2006/07 and £130,000 in 2007/08 to start the bulk replacement of street lamps with long life energy efficient bulbs. This will lead to reduced energy use and reduced maintenance and operational costs. The 2006/07 investment was met by a transfer to Technical Services from the Service Re-engineering investment budget and was included in the Base Budget.

3.4.2 In establishing the Corporate IT Unit Cabinet on 2 March 2006 agreed to the transfer of IT budgets from Children and Young Persons, Adult Social Services, Corporate Services, Regeneration and Technical Services. The budgets for both Adult Social Services and Children and Young Persons have been transferred to the Finance Department, the budgets for Corporate Services, Regeneration and Technical Services have yet to be transferred.

3.4.3 On 8 May 2006 a report to Cabinet from the Director of Technical Services detailed the award of a new contract in relation to Environmental Streetscene Services which encompasses Refuse Collection, Street Cleansing and Recycling services. The report recommended additional funding within the Call Centre of £281,000 for the provision of call centre services to support the communication plan over a two-year period (£190,000 in 2006/07 and £91,000 in 2007/08).

3.4.4 Cabinet on 25 May 2006 agreed to the creation of an additional Senior Auditor post to undertake the assessments for the Financial Management Standard in Schools. The additional cost of this post will be £22,300 for 2006/07 and £44,600 for 2007/08 and will be recovered from charges made to schools.

- 3.4.5 Cabinet on 28 June 2006 agreed to variations in the Finance Department budget, to meet the increased requirements on Treasury Management, due to the Audit Commission and Internal Audit reports in respect of the Prudential Code. The costs which are to be met from a transfer from Treasury Management, are £125,000 for the full year but total £93,800 in 2006/07. The same meeting also agreed to the creation of two new posts within Printing Services financed by the additional income generated by the acquisition of new equipment.
- 3.4.6 Cabinet on 27 July 2006 agreed to the creation of three new posts within the Accountancy section for the financial management of the Enterprise Resource Planning (ERP) system. The costs are being met from the Service Re-engineering investment budget.
- 3.4.7 On 7 September 2006 a report was presented to Cabinet proposing the establishment of two posts to develop web services and the Documentum system. The costs are met from the Service Re-engineering investment budget.
- 3.4.8 Cabinet on 15 November 2006 changed the method of billing for care to generate additional income in Adult Social Services. The net income provides for two additional posts in income collection. Also agreed was additional staffing of £100,000 in the Procurement Unit for 2007/08 to deliver the Procurement savings target of £1.1m.
- 3.4.9 Cabinet on 14 December 2006 agreed to the budget for Council Tax Benefits Subsidy to be reduced by £500,000 for 2006/07 and subsequent years due to changes in Council Tax Single Persons discounts. Additionally there is to be a £500,000 increase in Housing Benefit expenditure in 2007/08 for liabilities arising from non grant eligible expenditure.

3.5 **Service Re-engineering**

- 3.5.1 The Finance Department share of the overall savings target for the year 2006/07 is £767,000 to be achieved through:

	£
Benefits	319,000
Council Tax and Benefits	101,000
Financial Services - 1 Business	100,000
IT Services	100,000
Printing Services	87,000
IT Contracts	60,000

3.6 **Variations**

3.6.1 The Department for Work and Pensions has agreed settlement of the outstanding subsidy claims for Housing Benefit and Council Tax Benefit for the period 2000/01 to 2004/05. This enabled the sum of £4.2 million to be released from the Housing Benefit reserve per the report to Cabinet on 14 December 2006.

3.6.2 The Service Re-engineering report on this agenda makes reference to the agreed budget for 2006/07 including projected savings from procurement. These savings are achieved by departments with support from the Procurement Unit and then form part of the various departmental savings. To give greater clarity to the process the Service Re-engineering targets from 2007/08 now include the procurement target. To resolve the position for 2006/07 the procurement target is being supported through the use of the reinvestment budget.

4. **FINANCIAL IMPLICATIONS**

4.1 For 2006/07 the agreed estimate for the Finance Department was £15,272,300 which following Council on 1 March 2007 has been revised to £13,394,000.