
Report to Resource & Audit Committee

Date: 4 October 2012

Subject: Quarter 1 Financial Performance - Support Services

Report by: Accountancy Manager

1.0 Purpose

- 1.1. The purpose of this report is to provide the financial performance position to date on the delivery of the approved budget for Support Services during the first quarter of this financial year.

2.0 Recommendations

- 2.1. The Committee is asked to note the report, comment on and challenge the current financial position.

3.0 Background

- 3.1 Following the recent changes to the political decision making structures, it has been agreed that Service Committees will receive a budget monitoring report at each meeting. In some instances this will require a re-alignment of service budgets to appropriate committees, but in the instance of Support Services all the activities of the service are covered by this Committee.
- 3.2 Service Budget monitoring reports are provided in more detail than the overall Council position reported separately. This report is intended to complement the Corporate reporting arrangements. Members should gain a greater understanding and awareness of Service activities, which in turn will facilitate more effective scrutiny and the maximisation of the use of resources.
- 3.3. The activities of Support Services are categorised under the following main headings.

Support Services	Description
Director	Staffing and supplies and services budget for the Director of Finance & Corporate Services
Accountancy	This budget covers the management and corporate accountancy teams.
Revenues & Payments	This budget includes all revenues services, payroll, creditors and internal audit.
Head of Support Services	Staffing and supplies and services budget for the Head of Support Services, this role is currently filled by Senior Support Services Manager.
Governance	This budget includes legal services, HR, democratic services, procurement and Health & Safety.
IT	This budget includes services relating to ICT development services, client & customer support, network & technical, ICT for education and Forth Valley GIS contract.

4.0 Budget Position

- 4.1 The undernoted table outlines the financial position as at end of July comparing the projected expenditure for this period with the profiled budgeted expenditure. A detailed analysis of variances in respect of each service area is attached in the appendix to the report.
- 4.2 The variance against ICT to date can generally be attributed to IT expenditure funded by grant income which hasn't been received yet, therefore IT is overspend to date but will make a full year saving.
- 4.3 The variance shown against Accountancy is due to the late completion of the service restructure and a fee accrual for Audit from 2011/12.
- 4.4 The variance shown against Revenues & Payments relates to the late completion of the Audit and Fraud restructure, income being higher than budgeted for and a variance in invoices from a key supplier related to a system upgrade.
- 4.5 The variance in the Governance service is due to delays in restructuring the HR service and the wider Governance service as well as higher income levels being achieved by the legal team.

4.6 This monitoring report only focuses on budgeted expenditure against actual expenditure to date, but it is the intention that once all financial reporting parameter are aligned for all services, that at a future date outturn reporting will be incorporated into these monitoring reports.

	Annual Budget	Budget to 31/07/2012	Actual to 31/07/2012	Variance
	£000	£000	£000	£000
Director	114	40	39	(1)
Accountancy	1,340	393	232	(161)
Revenues & Payments	998	411	291	(120)
Head of Support Services	97	34	24	(10)
Governance	1,594	543	411	(132)
IT	1,914	715	769	54
Total	6,057	2,136	1,766	(370)

5.0 Progress in Delivering Planned Budget Savings in 2012/13

5.1 The 2012/13 budget incorporated savings of £19k for Support Service through a combination of budget challenge savings, management actions and specific Council decisions. At the first quarter of the year we are able to report that the project specification is currently being agreed and will be issued for tender. The project is expected to be implemented by April 2013 therefore the saving will be delayed but will be offset in the 2012/13 budget year by projected cash savings.

The table below summarises the position.

Description of Saving	Saving 2012/13	Progress	Comment
	£	£	
Procurement of a Corporate Arrears Recovery System	(19,000)	0	Project team now set up and tender underway to procure system. Savings will be realised in 2013/14

6.0 Planned Developments

6.1 The Budget Strategy report considered by the Council on 16 August outlined the progress made and associated timelines for business case development and consultation through the use of a standard template. Support Services

are currently working on business cases, which will take forward the outputs suggested at the budget challenge session. At future meetings, it is the intention that this Committee will be provided with updates on progress on these developments and highlight any significant issues or considerations.

6.2 It is recognised that across all Council Services there have been significant changes in budget holders following the restructuring activity. This is an opportune time to provide specific training on financial management and budget holder responsibilities.

6.3 In many cases the restructuring activity is ongoing, and this will necessitate continual re-alignment of budgets to match budget holder responsibilities.

7.0 Conclusions

7.1 This is the first financial monitoring report under the new Committee reporting arrangements. The process, together with style and content, will need time to develop, and will evolve in response to perceived needs. The important factor is that these reports are seen as a positive development in aiding effective scrutiny of Service budgetary performance.

7.2 The budget monitoring approach is being designed to link with other reporting arrangements. In other words, the Service Committee financial reports will feed into the corporate financial reporting through the Resources and Audit Committee, and Council Budget Strategy updates.

8.0 Sustainability Implications

8.1 N/A.

9.0 Resource Implications

9.1 The financial implications are outlined within the report.

10.0 Exempt Reports

10.1 Is this report exempt? Yes (please detail the reasons for exemption below) No

11.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please tick)

The area has a positive image and attracts people and businesses

Our communities are more cohesive and inclusive

People are better skilled, trained and ready for learning and employment

Our communities are safer

Vulnerable people and families are supported

- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence ✓

(2) Council Policies (Please detail)

None

12.0 Equalities Impact

12.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? N/A

13.0 Legality

13.1. In adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ✓

14.0 Appendices

14.1. Budget v Actual detailed variances.

15.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ✓ (please list the documents below) No


Clackmannanshire Council General Services Revenue and Capital Budget 2012/13

Clackmannanshire Council: Budget Strategy Update 16 August 2012

Author(s)

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Approved by

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Support Services Budget to Date v Actual to Date

	Budget to Date £'000	Actual to Date £'000	Variance £'000
<u>Support Services</u>	<u>2,136</u>	<u>1,766</u>	<u>(371)</u>
<u>Main Variance Reasons</u>			
Director	40	39	(0)
Accountancy			
Delays in restructuring to achieve savings. Posts will be appointed from 1.10.12			
Variance to date due to Audit fee accrual waiting on final invoice from prior year.			
Accountancy	393	232	(161)
Revenues & Payments			
Delayed restruncture, plans in place to complete by December 2012			(29)
Northgate invoices budget to be aligned with expected upgrade schedule.			(37)
Income from court expenses recovered, currently received higher than budget forecast			(41)
Other			(13)
Revenues & Payments Total	411	291	(120)
Head of Service			
Post filled at lower grade			
Head of Service Total	34	24	(11)
Governance			
Delays in restructuring. Posts will be filled following detailed business planning			
Higher income than anticipated			
Governance Total	544	411	(133)
IT			
Some vacancies remain to be filled, difficulty in recruiting skilled employees. Final restructure will follow			
ICT strategy being approved			
Overspend to date relates to Clacks Max broadband update £80k first invoice received but grant funding			
still to be received			
IT	715	769	54
Support Services Total Variance To Date	<u>2,136</u>	<u>1,766</u>	<u>(371)</u>