

Corporate Management Board						
2006/07 Summary Financial Monitoring Statement For The 9 Months Ended 31st December 2006						
	Note	Original 2006/07 Net Budget £000's	Budget Adjs Taken Into Report ** £000's	Adjusted 2006/07 Net Budget £000's	Forecast Net Exp. For Year £000's	Forecast Variance For Year £000's
<b>Business Areas</b>						
Chief Executive		225.6	0.0	225.6	245.2	19.6
Community & Environment		7,681.9	164.0	7,845.9	7,724.3	(121.6)
Exceptional - NWLL Additional Support		0.0	500.0	500.0	1,180.0	680.0
Exceptional - Closure & on-going costs		0.0	0.0	0.0	270.0	270.0
Cleansing & Amenities		3,701.3	414.0	4,115.3	4,112.5	(2.8)
Customer Services		2,994.0	150.0	3,144.0	3,150.6	6.6
Planning Services		1,503.3	4.0	1,507.3	1,642.0	134.7
Corporate Services		2,538.3	17.0	2,555.3	2,536.9	(18.3)
<b>Net Cost of Services</b>	1	<b>18,644.3</b>	<b>1,249.0</b>	<b>19,893.3</b>	<b>20,861.5</b>	<b>968.3</b>
Parish Precepts		3,933.8		3,933.8	3,933.8	0.0
<b>Other Operating Income &amp; Costs</b>						
Asset Management Revenue Account		(4,298.1)		(4,298.1)	(4,298.1)	(0.0)
Interest & Investment Income		(1,274.7)		(1,274.7)	(1,330.0)	(55.3)
Finance Related Expenses		(136.5)	270.0	133.5	146.0	12.5
Growth Bids Reallocated	2	602.0	(602.0)	0.0	0.0	0.0
<b>Transfers To/(From) Reserves</b>						
Equalisation Fund		76.0		76.0	76.0	0.0
Commutation Adjustment		(123.2)		(123.2)	(123.2)	0.0
Equipment Fund		500.8		500.8	500.8	0.0
<b>Net Expenditure</b>		<b>17,924.3</b>	<b>917.0</b>	<b>18,841.3</b>	<b>19,766.8</b>	<b>925.5</b>
<b>Financed by</b>						
Revenue Support Grant		(1,235.0)		(1,235.0)	(1,263.0)	(28.0)
Non-Domestic Rates (NNDR Pool)		(6,431.0)		(6,431.0)	(6,431.0)	0.0
Council Tax		(9,893.3)		(9,893.3)	(9,893.0)	0.3
From General Reserves	3	(256.0)	(637.0)	(893.0)	(1,573.0)	(680.0)
From Elections Fund	4		(10.0)	(10.0)	(10.0)	0.0
Collection Fund Surplus		(109.0)		(109.0)	(109.0)	0.0
LABGI	5		(270.0)	(270.0)	(470.0)	(200.0)
<b>Total Finance</b>		<b>(17,924.3)</b>	<b>(917.0)</b>	<b>(18,841.3)</b>	<b>(19,749.0)</b>	<b>(907.7)</b>
<b>Variiances</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>17.8</b>	<b>17.8</b>

NB - Variiances shown in ( ) are favourable

As all figures are rounded, some additions may appear not to equal the totals shown

#### Notes

Growth Bids Reallocated	2		602.0
Carry Forward	3	137.0	
NWLL Exceptional Payments	3	500.0	
Sub-Total	3		637.0
Elections Fund	4		10.0
<b>Total</b>	<b>1</b>		<b>1,249.0</b>

## Corporate Management Board - Major Budget Variances: December 2006

Business Areas	Net Budget For Year £000's	Budget Adjs Taken Into Report £000's	Adjusted 2006/07 Net Budget £000's	Forecast Net Exp. For Year £000's	Forecast Variance For Year £000's	Reason
Chief Executive	225.6	0.0	225.6	245.2	19.6	Re-organisation consultancy fees
<b>Total Chief Executive</b>	<b>225.6</b>	<b>0.0</b>	<b>225.6</b>	<b>245.2</b>	<b>19.6</b>	
<b>Community &amp; Environment</b>						
Salaries & Agency costs	2,652.0	11.4	2,663.4	2,599.0	(64.4)	Restructuring costs, Agency Staff, Severance offset by additional Capital recharge
Town Centres	(154.0)	(496.7)	(650.7)	(630.7)	20.0	Loss of income during development work at Phelps Parade: may get temp tenant
Public Offices	1,808.0	0.0	1,808.0	1,852.0	44.0	Inc: Loss of Income following loss of tenant. Exp: Larger than expected rise in Electricity costs following end of 3 year deal
Community Centres	(7.0)	0.0	(7.0)	5.0	12.0	Extension of rent free period at Rudloe - Reported to Executive in August
Corsham TIC	20.0	8.1	28.1	52.1	24.0	Planned transfer to Trust has not happened - Reported to Executive in June
Leisure	2,054.0	0.0	2,054.0	2,054.1	0.1	See below - Additional support agreed
Town Centre Management	35.0	0.0	35.0	29.0	(6.0)	
Communication & Consultation	160.0	0.0	160.0	120.0	(40.0)	
Public Transport support	68.0	0.0	68.0	26.0	(42.0)	Reduced contribution to WCC
Contribution to streetworks	27.9	0.0	27.9	20.9	(7.0)	Reduced contribution to WCC
Caravan commissions	(5.0)	0.0	(5.0)	(13.5)	(8.5)	Additional income
Community Development projects	33.9	0.0	33.9	12.9	(21.0)	
Employment Support projects	29.0	0.0	29.0	12.0	(17.0)	
All other activities	960.1	641.2	1,601.3	1,585.5	(15.8)	
<b>Total Community &amp; Environment</b>	<b>7,681.9</b>	<b>164.0</b>	<b>7,845.9</b>	<b>7,724.3</b>	<b>(121.6)</b>	
NWLL - exceptional payment	0.0	500.0	500.0	1,180.0	680.0	Additional funding from Reserves agreed by Executive
Closure costs & on-going costs	0.0	0.0	0.0	270.0	270.0	see Financial Commentary for details
	0.0	500.0	500.0	1,450.0	950.0	
<b>Cleansing &amp; Amenities</b>						
Refuse	2,508.0	20.2	2,528.2	2,633.8	105.6	Inc: Reduction in sale bins/sacks less than increase from Trade Refuse Exp: Running 3 operatives over Budget (£80k) Implement Rounds Review (£27.7k)
Recycling	241.0	(0.2)	240.9	292.0	51.2	Income: £48k lower due to low take up of Green Waste service. Exp: Kerbside Recycling (£21.8k over); Vehicle Running Costs (£17.5k under)
Grounds Maintenance	429.4	0.0	429.4	387.9	(41.5)	Savings in Payroll costs
Street Cleansing	512.0	51.8	563.8	539.3	(24.5)	Savings in Payroll costs
C & A Restructuring	52.0	109.4	161.4	66.4	(95.0)	Delay in making new appointments
All other activities	(41.1)	232.7	191.6	193.1	1.5	
<b>Total Cleansing &amp; Amenities</b>	<b>3,701.3</b>	<b>414.0</b>	<b>4,115.3</b>	<b>4,112.5</b>	<b>(2.7)</b>	
<b>Customer Services</b>						
Investigation Team	309.0	0.0	309.0	320.0	11.0	Transport costs running over Budget
Council Tax Recovery - Employees	286.0	0.0	286.0	300.0	14.0	Increased costs to cover Maternity and increased work
Supplies & Services	40.0	0.0	40.0	68.0	28.0	Court costs : increased Fees and additional volumes
Receipts	(165.0)	0.0	(165.0)	(340.0)	(175.0)	Additional volume pursued and increased Court Fees awarded for recoveries
Car Park - Net	(345.1)	0.0	(345.1)	(249.9)	95.2	Shortfall in income and increased costs of non-domestic rates
All other activities	2,869.1	150.0	3,019.1	3,052.5	33.4	Now includes Emergency Planning
<b>Total Customer Services</b>	<b>2,994.0</b>	<b>150.0</b>	<b>3,144.0</b>	<b>3,150.6</b>	<b>6.6</b>	
<b>Planning Services</b>						
Local Land Charges	(311.5)	0.0	(311.5)	(318.8)	(7.3)	
Customer Focus	0.0	0.0	0.0	(10.0)	(10.0)	
Planning Services - Strat. Mgr	0.0	0.0	0.0	2.0	2.0	
Planning Enforcement	184.6	0.0	184.6	183.0	(1.6)	
Development Control	931.6	0.0	931.6	915.7	(15.9)	Planning inquiry costs (£42k)
Spatial Planning	445.6	0.0	445.6	430.7	(14.9)	£9k salary savings (maternity), £3k mileage savings
Building Control	253.2	4.0	257.2	439.5	182.3	£178k pressure from VAT issue largely offset by higher income
<b>Total Planning Services</b>	<b>1,503.4</b>	<b>4.0</b>	<b>1,507.4</b>	<b>1,642.1</b>	<b>134.7</b>	
<b>Corporate Services</b>						
Finance	60.3	0.0	60.3	189.3	129.0	Additional staffing costs, including Interim S151 Officer
Electoral Registration	163.0	10.0	173.0	169.7	(3.3)	Additional £10k Budget to be funded from £150k District Elections Fund
ICT	158.8	0.0	158.8	94.1	(64.7)	10k Computer Hardware, 53k ICE project
Committee Servicing	557.8	0.0	557.8	540.4	(17.4)	Savings on premises hire, A/V contractor, Advertising & Publicity
Other items	1,598.4	7.0	1,605.4	1,534.9	(62.0)	15k Central Training, 20k HR marketing, Savings as part of the spend freeze
<b>Total Corporate Services</b>	<b>2,538.3</b>	<b>17.0</b>	<b>2,555.3</b>	<b>2,528.4</b>	<b>(18.4)</b>	
<b>Total Business Areas</b>	<b>18,644.5</b>	<b>1,248.9</b>	<b>19,893.5</b>	<b>20,853.1</b>	<b>968.2</b>	
Other Operating Income & Costs	(1,274.7)	0.0	(1,274.7)	(1,330.0)	(55.3)	Lower returns from Fund Managers offset by in-House Income +39.7k - Cattle Market receipt -£95k

## Revenue Budget Risk Assessment for the month ending 31st December 2006

Risk Identified	Type of risk	Impact	Probability	Scale 1-4 with 4 being most severe	Scale 1-4 with 4 being most probable	Impact x Probability	Level of Risk Dec 2006	Previous level of risk reported in November 2006	Previous level of risk when budget was set in February 2006	Value Range	
										£'000	£'000
Investment Returns less than 4.5% *	Operational	1	1	1	1	1	Low	Low	Low	0	0
Meeting Income budgets (excluding car parking)	Operational	2	2	2	4	4	Medium	Medium	Medium	0	120
Implementing Electronic Government - costs higher or efficiencies less than expected	Operational	1	2	2	2	2	Low	Low	Low	0	50
Car parking and Decriminalisation - impact on income	Operational	1	3	3	3	3	Low	Low	Medium	0	75
Building Control Output VAT Error	Operational	3	4	4	12	12	High	-	-	150	185
NWLL - Closure costs of 3 leisure centres	Operational	3	4	4	12	12	High	-	-	250	400
NWLL - Exceptional Payment	Operational	4	4	4	16	16	High	-	-	500	750
Finance Team - need for additional support	Operational	3	4	4	12	12	High	-	-	85	129
<b>Total Risk Exposure</b>										<b>985</b>	<b>1,709</b>

\* Cattle market sale proceeds received in December 2007

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Summary

Annex 4

	£000's
Chief Executive	0.4
Community & Environment	256.7
Corporate Services	159.9
Customer Services	128.5
Planning	44.5
<b>Total Savings</b>	<b>590.0</b>

## Chief Executive

Area	Cost Centre	A/C	Description	Saving £	Comment
Chief Executive	J320	GC01	Office equipment - purchase	200	
		GE01	Refreshments	50	
		GG02	Photocopying charges	54	
		HA02	Conference expenses	100	
				404	TOTAL

## Community &amp; Environment

Area	Cost Centre	A/C	Description	Saving £	Comment
Asset, Design & Regeneration	N423	GD14	Street Naming	5,000	
	M721-5	HK99	Town Centre Management	6,000	
	M719	JA01	Street Works	7,000	
	P529	QA77	Marketing & Business Support Grants	0	
	P529	HF01	Employment Support Strategy	19,000	£25k from 2008-09 (2007-08 needed for Leisure)
	P419	HD11	Bus - Transport to WCC Emery Gate Car Park Security	42,000	0 Will not be achieved in 06/07
	N713	MR02	Caravans commission	8,500	
Environmental Health	N169	CC01	2 x EHO Salary	25,000	Vacancy held until 1st April 2007
	N169	GH39	Enforcement	4,000	Defendant pleaded guilty
Community Partnerships	M559	HK45	Community Development	15,000	
	L419 & 29	HF11 & HD62	Arts Development	7,000	
	M559	HK45	LSP Conference	6,000	
	L419	CC01	Arts Development Officer	9,600	Vacancy held until 1st April 2007
	L464	HD65	The Pound Arts Centre	270	
	D301	RJ71	Transfer to Village Halls	7,000	Earmarked Reserves
	D302	RJ71	Historic Village Halls Small Grant Fund	5,115	Earmarked Reserves
	M509	HK33	Community Safety	5,000	
L319	MM10	Sports Development	5,000	Additional coaching income	
Corporate Public Relations	M328		Growth items - Communications	40,000	potentially £100k
Marketing Grants & Support	M558	CC01	Technical Clerical Officer	6,000	Vacancy held until 1st April 2007
Housing	N673		Short Term Lets	5,000	
	N619	HH05	Other schemes & strategies	1,000	underspends
	N659	JA52	CAB Contract	28,200	Bring Housing Advice Service in-house
				256,685	TOTAL

Area	Cost Centre	A/C	Description	Saving £	Comment
Corporate Services	K600	DA31	Central training	15,000	Revised estimate & reduce materials spend
ICT	K610	GG21	Books & Publications	500	Restricted to essential purchases In-year reappraisal ) Not required for 2006/07 Slippage in ICE projects
		GL08	Hardware: Rolling Programme	10,000	
		GQ29	Software: UniQBatch	1,160	
		GQ31	Software: Technet		
		GW09	Cmptr: EGovernment Priority Outcomes	53,000	
CAMS	K700	GE01	Refreshments	120	Not essential
		GP01	Software general purchases	100	Not essential
		GG01	Printing & stationery	700	Reduction managed
HR	K710	GE01	Refreshments	120	Not essential
		GG36	Testing materials	1,000	Reappraised
		HA02	Conference expenses	800	Not essential
		HF01	Marketing	20,000	Will not be used in 2006/07
		GG01	Printing & Stationery: General	1,000	Reduction managed
		GG21	Books & publications	500	Restricted to essential purchases
Legal	K720	GH18	Land Registry	8,500	Based on last year's spend & predictions
		HF02	Advertising (not for staff)	1,000	Expected to underspend slightly
		HK54	LEXEL accreditation	500	Not required
Public Relations	M327	GC01	Office equipment - purchase	500	Not essential
		GE01	Refreshments	190	Not essential
		GG21	Books & publications	300	Restricted to essential purchases
Committee Servicing	M369	EE21	Hire of halls & premises	5,500	Based on last year's spend
		GH41	Audio Visual Contractor	2,950	Based on last year's spend
		GJ01	Franking machine	6,000	Reduction based on changes made
		HF02	Advertising (not for staff)	3,000	) Based on last year's spend
		HF03	Publicity		)
Members' expenses	M379	GG21	Books & publications	1,000	Restrict to essential spend
		HB02	Members' Pension Scheme	5,500	Assumes no new members join this year
		HB16	Procurement Champion	1,180	no longer exists
		HB31	Members' travelling	5,000	Based on last year's spend
		HB21	Members' training expenses	2,000	Reduction based on current plans
Electoral Registration	M418	GE01	Refreshments	110	Not essential
		GG12	Printing - poll cards	3,170	No more by-elections this year
Recruitment Expenses	M689	DB21	Interview expenses	1,500	New starters coming in who will use remainder
		DB31	Relocation expenses	5,000	
Central Staffing Expenses	M699	HK12	Organisational Health	3,000	Leaves enough for stress audit & smoking cessation
				159,900	TOTAL

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Customer Services

Annex 4

Area	Cost Centre	A/C	Description	Saving £	Comment
Cleansing & Amenities	Various		Overall underspend	3,200	
Bus Passes/Concessionary fares	P469	HF02	Advertising	2,500	Limit advertising to 4 entries in Chippenham Gazette and Herald
Concessionary fares tokens	P469	FD11	Tokens	82,800	see also Budget Pressures take up of tokens reduced to 8500@£18
Recovery Team			Additional Court income	30,000	
			Post Offices charges	10,000	
			<b>TOTAL</b>	<b>128,500</b>	

Planning

Area	Cost Centre	A/C	Description	Saving £	Comment
Development Control	P118	GH35	Planning inquiry expenses	28,000	(was £32k)
	P118	CC01	Vacancy	10,720	3/5ths x Grade 8 frozen (was £15k)
	P118	ML01	Increased income	0	DC fees & Land Charges (was £10k)
	P118		Consultancy Budget	11,000	CP 24/11 (was £10k)
Spacial Planning	P128	CC03	Overtime savings	1,000	
	P128	FE11	Mileage savings	4,070	(was £3k)
Planning Development Grant	PDG		Quality Planning work	13,000	(was £20k)
Planning Enforcement			Half Pay saving	5,685	CP 24/11 (was £6k)
<b>Over spends not taken into account in this analysis prior to month 9</b>				<b>-28,975</b>	
			<b>TOTAL</b>	<b>44,500</b>	

## 1 Introduction

- 1.1 There are twenty ways in which the in-year budget management can be improved, without changing the finance computer system.
- 1.2 It is briefly worthwhile to rehearse the state of the current finance computer system. It is a barrier to good practice for three reasons. It is not very user-friendly for a non-finance person. It does not record the spending commitments, such that we have very late information on spending, shortening the time available to take corrective action. Finally, it is not comprehensive – there is no overall management of income and debt. These matters lay behind the 2007-08 bid to improve the finance systems. Improvements are urgently needed.
- 1.3 The underlying idea behind this paper is the need to better understand the reasons for any variations from the plan. Without better information, policy makers could take the wrong actions.

## 2 Improvements

- 2.1 Gross/net – the current reporting system concentrates on net outcomes (that is, spend reduced by income). This hides the full picture, whereby the reasons for change can be a variation of spend, a variation of income, or both. Without this knowledge, policy makers are ignorant of the true reason for variation.
- 2.2 Subjective – another way of dicing the information is to look at types of expenditure, for example pay, rather than looking at spend by service. In the jargon of the trade, we would present a subjective analysis (pay, premises, supplies & services etc) as well as an objective one.
- 2.3 Volume or price – more non-financial information should be included in the reasons for variation. One starting point is to analyse the reasons for variation between price or volume changes.
- 2.4 Project budgets - the concept of Project Budgets is to provide a mechanism, whereby the available in-year funding for a project continues to be available to the project until it is completed, or the funding is exhausted. In this way, the project is not affected by the year end rules, whereby March 31<sup>st</sup> is a cut-off date. In normal circumstances, any unused funds are “returned to the bank” and thereby lost to the project manager. The advantage of project budgets is that it reduces the manipulation of budgets or spend (to get around the year-end), and reduces the ‘noise’ in the system.
- 2.5 Contingent budgets – similarly, the idea here is that risk is being budgeted for, which might not come to pass. The answer is to build a budget, which is only released on evidence that the risk has occurred.
- 2.6 Collection Fund - the Collection Fund is the ultimate read-out of income collection performance (on Council Tax and Business Rate), the results of which can affect the following year's level of Council Tax. Reporting the emerging position on the Collection Fund, as part of the monthly monitor, completes the financial picture.
- 2.7 Virements – an excessive use of virements is proof that the budget is wrong in detail. Reporting the level of virements, both inside a business area and between business areas, will improve knowledge. The report should be in terms of the amount and the percentage of budget.



- 2.8 Write-offs – as part of the monthly routine, bad debts should be written off on a frequent basis, for the small amounts and quarterly for the listed larger amounts. An aged debt analysis should be part of the analysis.
- 2.9 Reconciliation's – these are the bedrock of sound financial management – an Annex should be included, listing them and achievement (or not) of the monthly reconciliation.
- 2.10 Profiling – the use of budget profiles, to reflect the way spend or income occurs (usually not in equal 12ths), will eventually enable managers and decision makers to monitor in-month performance. This improvement will only become really accurate with the introduction of the commitment facility.
- 2.11 Headcount – the budget should also track the headcount, in terms of posts and full time equivalents.
- 2.12 Use of Resources and Key Lines of Enquiry [KLOE] – tying the overall direction of improvement to the national measuring system will ensure there is constant relevant improvement. Included in the monitor, every quarter should be progress against these measures.
- 2.13 KPI's – obviously performance against KPI's is an integral part of performance monitoring. The links will be drawn out. It is not the intention that the monitor turns into a PI report.
- 2.14 Benchmarking – as is this, to see how a KPI compares with best practice as a guide to financial action. It is not the intention that the monitor turns into a Benchmarking report.
- 2.15 Risk - one of the KLOE standards is to use concept of 'risk' more, and point decision makers to the true areas of risk that stand out from the background noise. Over and underspends will be categorised Red, Amber, Green to draw attention to those items required most consideration.
- 2.16 3-year picture – the short term can only be fully understood in the longer-term context. Equally the short term can affect the longer-term. A quarterly supplement to the monitor to 'check out' the longer term picture and update the Medium Term Financial Plan is desirable.
- 2.17 Trend analysis – this sets out the direction of travel of services.
- 2.18 Capital – a section linking the revenue and capital budgets, including borrowing performance.
- 2.19 Graphics – the use of more pictures, in place of text, to improve readability.
- 2.20 Staff – the training of all staff in the different competencies required by virtue of their position in the organisation is a necessity, as is the reporting of progress in delivering that training. The outcomes of the training should feed into each individual performance appraisal, so that recognised shortcomings are addressed in a structured way.

