

BUDGET & FINANCE SCRUTINY COMMITTEE
Minutes of the meeting of the Budget & Finance Scrutiny Committee held on
Tuesday, 15th November 2011 at 6.00p.m. in the Scrutiny Meeting Room, Civic
Offices, Telford

PRESENT: Councillors R. Sloan (Chairman), K. Austin, R. Evans, C. Mollett, S. Reynolds, C. Turley.

Also Present: Councillor W. McClements, Cabinet Member Resources & Service Delivery; Sarah Bass, Strategic Procurement Service Delivery Specialist; Andy Challenor, Community Engagement and Equalities Manager; Stephanie Jones, Scrutiny Group Specialist; Tracy Clarke, Scrutiny Officer.

BFSC-15 MINUTES

RESOLVED – that the minutes of the meeting of the Budget & Finance Scrutiny Committee held on the 12th October 2011 be confirmed and signed by the Chairman with an amendment to record apologies from Cllr. Adam Stanton.

The Chairman thanked members for their work at the previous meeting in agreeing comments on the 100 Day budget which he felt had presented a balanced view and would stand the Committee in good stead for scrutiny of the budget proposals. The Chairman had presented the Committee's report to Cabinet on 10th November.

BFSC-16 APOLOGIES FOR ABSENCE

Councillor Adam Stanton, Co-optee Mr. R. Williams.

BFSC-17 DECLARATIONS OF INTEREST

None

BFSC-18 APPOINTMENT OF VICE CHAIRMAN

The Chairman invited nominations for a Vice Chairman. Cllr. Reynolds was proposed by Cllr. Turley, seconded by Cllr. Austin and elected by a majority of the Committee.

RESOLVED that Cllr. Reynolds be appointed as Vice Chairman of the Budget & Finance Scrutiny Committee.

BFSC-19 PROCUREMENT

The Strategic Procurement Service Delivery Specialist outlined the key points from the report on Savings Through Procurement which had been provided to the Committee. The report was set in the context of the Council's restructure and the need to make savings.

The new structure of the Corporate Procurement Team included 1 Strategic Procurement Service Delivery Specialist, 3 qualified and experienced Procurement

Officers and 2 part-time administrators. This was in keeping with a previous scrutiny report which had recommended strengthening procurement skills in the central team.

The aim was to look at all aspects of procurement corporate-wide, from small items such as stationery to large projects such as the Southwater developments, to see what efficiencies could be made. A Procurement Task Force (PTF) had been set up to champion effective and efficient procurement across the Council. The PTF was Chaired by the Head of Governance and made up of Service Delivery Managers from each service area, representatives from legal and audit and supported by the Corporate Procurement Team.

The PTF met monthly and was action-driven. The PTF had a number of objectives which were set out in the report:

- Ensure continued efficient and effective procurement activities in their service areas
- Report actual savings as they are realised
- Share information on current negotiations to reduce costs and any challenges faced
- Provide detailed information on how current contracts are being managed
- Take the lead in supplier management where contracts pass over a number of areas
- Identify procurement and negotiation training and skills gaps for officers
- Look for opportunities to aggregate spend and put corporate contracts in place
- Look for opportunities to cancel contracts where provision can now be managed in house.
- Look for opportunities to avoid procurement all together by use of existing local and regional arrangements, shared services or innovative service provision

The Senior Management Team had identified specific proposals to deliver savings from procurement as:

2012/13	£2.2m
2013/14	£890k
2104/15	£500k

The PTF had been formed in September 2011 and the report highlighted the key areas of work:

- Reviewed contractual relationships with our top 60 suppliers and suppliers paid over £100k in the last financial year to ensure that these contracts provide value for money and, where practicable, to negotiate improved rates or create capacity and flexibility allowing more services to be delivered at the same cost. Contracts worth over £500k p.a. had been reviewed last year, and contracts worth £100k-£500k were now being reviewed. Negotiations with suppliers had identified a number of quick wins on corporate contracts.
- Worked with the Improvement and Efficiency Partnership to health check the approach and indentify potential opportunities not yet accessed, including an energy audit, and work on commissioning in adults' and childrens' care.
- Developed a comprehensive contracts monitoring document which will feed into the Contracts Register and be a key source document to monitor savings and

manage all contracts over £50k in the Council and feed into the transparency agenda.

- Worked to change the procurement culture to ensure best value for all contracts from specification through to contract management.
- Adopted a market category approach for reviewing social care contracts rather than supplier specific.

Staff training had also been identified as an issue for further development. There is a large amount of information on the intranet to support staff but this needed revisiting to highlight the key documents people need to do their daily job. The team was developing “Savvy Buyer” training for staff to improve buying and supplier management techniques and to get the message across that every £1 matters. A contracts, grant and SLA register would be in place by Christmas.

Procurement was a standard agenda item at Senior Management Team and Policy Review meetings so progress was monitored at a senior level by members and officers.

Following the report, members asked a number of questions:

- *From the review of the top 60 suppliers, can you give some examples of where contracts have been re-negotiated to make savings or get better services?*
EU regulations prohibit re-negotiation of contract prices, but we are looking at how to minimise inflationary price uplifts and how to drive a better level of service from existing contracts. £13k per month has been saved on the ICT contract by upgrading the platform. The brewery contract has moved to a cheaper brand to lower unit prices and increase profit on sales. The commissioning team in adult care is working with care providers in Shropshire Partners in Care to look at more flexible working and how to maximise resources.
- *How do you link into the Co-operative Commission sub-group which is looking at procurement?*
The procurement team has been brought into the sub-group and is working with businesses in the Co-operative Commission on outward facing work such as defining how the council procures and when a grant would be issued opposed to a contract, how forms can be made less bureaucratic to enable small companies and voluntary sectors to bid easily, if developing a central point which manages grants would be good idea. The sub-group is briefed on the work of the PTF.
- *How many corporate contracts are there?*
There are about 12 covering goods bought Council-wide such as cleaning, hotel booking, stationery, postal services and personal hygiene. These are managed by the procurement team to get best value. For example, where staff have identified an item that could be bought more cheaply from an alternative supplier, we would contact the approved corporate supplier to find out whether they could match the lower price.
- *Are any new corporate contracts or aggregated purchasing being considered?*
The new Agresso system enables us to run detailed reports to monitor expenditure across all areas of the Council and to identify what staff are buying

and which suppliers are being used. This will enable us to identify common areas of spend where purchasing could be aggregated or corporate contracts established. The PTF includes service delivery managers from all service units to facilitate and co-ordinate this.

- *How rigorously are corporate contracts enforced and how is off-contract spend monitored?*

Spend analysis reports are run off Agresso to identify off-contract spend and staff buying off-contract are challenged. If the other supplier is cheaper, we contact our approved supplier and ask them to match the competitor's price.

- *Does the Corporate Procurement Team have the authority to enforce compliance with corporate contracts?*

We tend not to have to do enforcement because once the issue is raised, staff comply with contracts on a voluntary basis. The Head of Governance as chair of the PTF reports to the Senior Management Team every week, so if there are any issues they are picked up by the relevant Head of Service who then reports back to staff in their service area. An e-team site is being developed for staff involved in buying, although this cannot include commercially confidential information.

- *Have any contracts been cancelled and if so were any penalties incurred?*

The IT contract has moved to a one month termination due to the number of licences required for the churn of staff. The annual repair contract has been cancelled and repair and maintenance has been moved in-house. The possibility of moving some adult care in-house is being explored. The "Savvy Buyer" training will ensure that staff fully evaluate the need for the service before buying.

- *Is there still an issue with the turn around of supplier invoices? This can be critical for small businesses relying on cash-flow.*

There were initial bedding-in problems with Agresso but reports are run on all outstanding invoices and the position is improving. There has been a comprehensive staff training programme and bulletins for staff on Agresso. The Council has a five day turnaround target for invoices which is an important pledge to businesses.

- *Is the level of complaints from schools reducing?*

Half are embracing the new system and half are not. There was an issue with the timing of the implementation of Agresso as it happened just before the school summer holidays, but we are working to support all schools to ensure they have the key skills. We have run refresher training for administrators and have received good feedback from this. The number of issues has reduced significantly over the last 3-4 weeks. Schools pay the Council for financial services and we need to demonstrate best value. The Head of School Improvement is working with the schools to look at setting up cluster groups to support better value joint procurement.

- *The procurement savings targets are very ambitious – is £2.2m in 2012/13 realistic?*

The £2.2m savings proposal is a challenging saving but the bigger the saving, the more money there will be for front-line services. In the budget, non-staff savings

will be categorised in four ways to show where the saving has been made: increased income, operational efficiencies, service changes and procurement. The issue will be to realise the savings in time for next year's budget.

– *Can we put performance gateways into small contracts?*

Contract under the EU threshold (£156k) can be negotiated and we look at deliverables against the contract. EU regulations can be seen as frustrating because they do not allow for negotiation on prices. We need to lobby MPs to lobby national government to reach a memorandum of understanding within the EU so that authorities can negotiate without being challenged.

At the end of the discussion it was **agreed** that the Committee would continue to monitor savings on procurement.

BFSC-20 BUDGET ENGAGEMENT

The Community Engagement and Equalities Manager tabled two reports: a discussion note on the budget strategy equality impact analysis and engagement process, and a summary of the individual savings proposals which had been selected for impact analysis and service user engagement.

It was essential that rigorous equalities impact assessments were carried out on proposed services changes where the changes may affect any of the 9 characteristic protected groups under the Equalities Act. Other authorities had been subject to judicial review under the Equalities Act to challenge the legal process for making decisions about service changes which would unfairly disadvantage protected groups.

The Government Equalities Office had suggested a number of principles (derived from case law) which should underpin an impact analysis, and adhering to these would lessen the likelihood of judicial review. The principles were set out in the report as:

- Impact analysis should be proportionate to the decision being made and should begin at the start of the decision making process.
- Decision makers need rigorous and accurate advice and analysis from officers.
- A properly detailed evidence based analysis of the issues and supporting information is essential. An impact analysis will not be adequate if it considers the issues only at a broad level, does not draw attention to specific impacts, or fails to consider the alternative approaches that could alleviate, or at least mitigate, the impact of the decision.
- The decision maker cannot devolve responsibility; they must have access to all of the information.
- Lastly, decisions and impacts should be reviewed within a given timescale or trigger.

The budget savings pro forma had required managers to identify the impact of proposals on service users. Additional screening and more detailed work had been done by the Community Engagement and Equalities Team with lead officers to identify further equalities implications and requirements for impact assessments

and/or service user engagement. A list of the individual savings proposals for next financial year's budget requiring impact analysis/service user engagement had been drawn up and agreed by Policy Review. The list was tabled for members to consider. This included the individual proposal, the outcome of the equalities impact assessment (and comments) and the scope of required service user engagement.

Impact Assessments would be carried out and reported to Cabinet in December with the budget proposals. An overall impact analysis would be done in January 2012 to identify the impact of the combined savings proposals.

The individual proposals identified for further assessment/consultation were in Care & Support, Environmental Services, Highways & Transport and Leisure & Libraries.

The timetable for engagement with service users did not in all cases fit with the timeframe for consultation on the budget and would be done alongside the implementation of the service which would require a longer timescale. The scoping exercise identified the required level and timetable for service user engagement which would focus on how to mitigate the impact of the savings.

Following the presentation, there was a discussion about the reports. Members pointed out that the budget would be agreed at full Council in March 2012 which was before longer-term consultation on key services, such as the charging policy, had taken place. Members wanted to know what would happen if the consultation showed that the cuts made to the service needed to be reviewed when the budget had already been set, and whether the fact that the longer-term consultation had not taken place before the savings proposals were agreed would expose the Council to a risk of challenge.

Members were told that the scoping exercise had been carried out to understand the proposed savings and where there was a need to consult. Impact assessments and where possible service user engagement was being carried out during Phase 2 (October-December) to feed into the budget proposals. There would be continued service user and wider public engagement during Phase 3 (December-February). However, some services (such as personalisation) required more detailed consultation with service users which could not be done within the tight timescale for setting the budget. However, the engagement process would focus on reducing and mitigating any negative impacts of service changes within the agreed funding level. It was highlighted that consultation is not a one-off exercise and would be on-going. Savings for 2013/14 would be identified early on so that consultation could start early. The most important thing at this stage was to complete the impact analyses to identify any potential negative impacts. Information would be analysed and reported by the end of the week.

Members agreed that scrutiny has a key role to play in ensuring consultation is done properly.

BFSC-21 FORWARD PLAN

The next meeting would be held on Thursday, 5th January 2012 to review the budget proposals.

Members agreed that the Small Business Loans Fund would be added to the work programme and that the savings suggestions was not an immediate priority and would be left until later on next year.

Chairman:

Date:

TELFORD & WREKIN COUNCIL

CABINET – 22 DECEMBER 2011

2011/12 FINANCIAL MONITORING REPORT

REPORT OF THE HEAD OF FINANCE

PART A) – SUMMARY REPORT

1.0 SUMMARY OF KEY ISSUES

1.1 2011/12 Revenue

Revenue spending for the year is projecting to be within budget at year end, this is after setting aside £2.145m to support the 2012/13 budget, by creating an additional one off contingency, and uses £1.957m of the remaining corporate contingency. There are a number of significant pressures in the budget for the current year and it is essential that Heads of Service continue to exercise tight control over their budgets.

The main identified pressures are:

- The cost of Adult Social Care purchasing which remains at a projected £0.9m overspend even after offsetting additional NHS grants against the impact of the PCT's withdrawal of funding for some cases of continuing healthcare needs and the use of other one off balances available in 2011/12. Most of the cost of supporting those people then falls on the Council.
- The cost of Children in Care Placements together with the use of agency staff in the Safeguarding Service and associated legal costs – showing a combined variation of £1.51m, although other variations within Safeguarding reduce the net overspend to £1.4m which is an increase of £0.68m since the last report
- The cost of Specialist Education – projected overspend of £0.54m which relates to stated provision
- Income shortfalls – a projected shortfall of £0.57m, relating to PIP rentals, planning fees, building control fees and licensing fees – an improvement of £0.3m compared to the previous report.
- As previously reported, contractual Inflation – inflationary pressures totalling £0.595m have been identified and funded from the corporate contingency

We are clearly aware that the council will have an extremely challenging position for next year and it is essential that very tight control on spend is exercised during 2011/12. Benefits from active treasury management, the insurance renewal process, the New Homes Bonus Grant and £0.580m 2012/13 efficiencies delivered early, total

£2.145m. It is proposed to carry this benefit forward, together with any unused part of the contingency in this year, to 2012/13 to create a one-off contingency for 2012/13. Other benefits reported include restructure/employee savings, transport efficiencies and concessionary travel.

The impact of the 100 Day Budget is included in the overall position shown.

1.2 Capital

The capital programme totals £101m which reflects adjustments for re-phasing, new approvals and the impact of the 100 Day Budget. Spend currently stands at 26% and robust programme management and monitoring is in place to ensure schemes are delivered. A number of new allocations, slippage and virements are detailed in Appendix 3 which are included for approval.

The capital programme funding includes a significant amount of capital receipts anticipated to be delivered over the period 2011/12 to 2014/15. Failure to achieve, or delays to, the receipts will have financial implications for the Council and the position is therefore being closely monitored.

1.3 Corporate Income Collection

Collection levels for Council Tax collection are ahead of target while NNDR collection and Sales Ledger debt are both behind target at the end of October and are being closely monitored.

2.0 RECOMMENDATIONS

2.1 Members are asked to

- (i) Note that 2011/12 revenue spend is currently projecting to be within budget at year end
- (ii) Note the position in relation to capital spend and approve the new allocations, slippage and virements detailed in Appendix 3, which will go to Full Council for formal approval.
- (iii) Note that collection of council tax income is ahead of target while collection of NNDR and Sales Ledger are slightly behind targets set at the end of October.

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Delivery of all priority objectives depend on the effective use of available resources. Regular financial monitoring helps to highlight variations from plan.
	No	
TARGET COMPLETION/DELIVERY DATE	To outturn within budget at 31/3/12	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The financial impacts are detailed throughout the report.
LEGAL ISSUES	No	None directly arising from this report. The S151 Officer has a statutory duty to monitor income and expenditure and take action if overspends /shortfalls emerge.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	
IMPACT ON SPECIFIC WARDS	No	<i>Borough Wide</i>

4.0 PREVIOUS MINUTES

03/03/11 – Full Council, Service & Financial Planning Strategy

26/7/11 – Cabinet, 2011/12 Financial Monitoring

20/10/11 – Cabinet, 2011/12 Financial Monitoring

24/11/11– Council, 2011/12 Financial Monitoring

PART B) – ADDITIONAL INFORMATION

5.0 2011/12 REVENUE BUDGET

5.1 Spend is projected to be within budget at year end which includes use of £1.956m of the remaining corporate contingency. The main changes since the last report are shown below:

Variations - £m	October Cabinet Report	Change	Current Projected Variation
Children in Care Placements Costs	+0.594	+0.495	+1.089
Specialist Education Placements	+0.061	+0.152	+0.213
Dedicated Schools Grant	-0.200	-0.167	-0.367
Treasury Management	-0.445	-0.255	-0.700
Housing & Council Tax Benefit Subsidy	-0.094	+0.110	+0.016
Planning, Building Control & Public Protection fee income	+0.600	-0.230	+0.370
Accelerated Restructure Savings	-0.046	-0.558	-0.604
Accelerated Non Staff Savings	0.000	-0.580	-0.580
Other Variations	+0.231	+0.144	+0.375
Total Projected Variation	+0.701	-0.889	-0.188
Cwfd to 12/13	+1.310	+0.835	+2.145
Call on Contingency	-2.011	+0.054	-1.957
Final Projected Variation	0	0	0

5.2 Variations of more than £0.100m are detailed in section 5.3 for each Service Delivery Unit. The overall 2011/12 budget position is summarised in the table below :

Service Delivery Unit	Accelerated Non Staff Savings	Accelerated Restructure Savings	Service	Total
	£	£	£	£
Safeguarding	0	0	1,444,758	1,444,758
School Improvement	(90,000)	(200,000)	(43,708)	(333,708)
Family & Community Services	(115,000)	(410,000)	(196,198)	(721,198)
Property & ICT	0	0	250,000	250,000
Economy & Skills	(34,000)	0	65,000	31,000
Environmental Services	(187,000)	(92,530)	(230,000)	(509,530)
Housing & Planning	0	0	379,000	379,000
Care & Support	0	0	941,000	941,000
Customer, Leisure & Libraries	(37,481)	(494,682)	(2,902)	(535,065)
Governance	(39,710)	(36,803)	(98,310)	(174,823)
Finance	(34,000)	(255,101)	(8,553)	(297,654)
Core Services	(42,600)	(414,937)	(130,398)	(587,935)
Council Wide	0	1,300,000	(1,374,088)	(74,088)
Total Projected Variation	(579,791)	(604,053)	995,601	(188,243)



Items to be carried forward to 2012/13
Call on Corporate Contingency








2,144,791
(1,956,548)




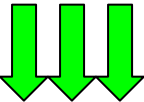



Projected Year End Position








0

5.3 Projected variances over £0.100m are highlighted below.

Key		
£0 to £100k	↑	 Underspend
£101+to £250k	↑↑	 Overspend
£251+to £500k	↑↑↑	
over £500k	↑↑↑↑	
Service Delivery Unit		Projected Variation £m
<u>Safeguarding (Adults & Children)</u>		
Children in Care – based on a total of 294 Children in Care (w.e. 4/11/11). An additional £1.4m was invested in Looked After Children as part of the 2011/12 budget strategy.	+1.089 [increased overspend]	↑↑↑↑
Agency Staff – overspend arising from the use of agency staff employed for various dates continuing up to the end of December to cover vacancies. The use of agency staff will be continually reviewed throughout the year.	+0.254 [reduced overspend]	↑↑↑
Support for Children in Need/Legal Costs and Assessments – payments made to promote the welfare of children in need. The actual cost is dependent on the type of cases that arise during the year.	+0.167 [increased overspend]	↑↑

<p><u>School Improvement</u></p> <p>School/Premature Retirement/Redundancy Costs – due to the need to reduce costs and mitigate the ongoing financial pressure on schools. Current projections are based on information from HR on likely numbers and will be updated as appropriate to take into account redeployment etc.</p> <p>Schools Multicultural Development Service – saving arising from posts being held vacant pending restructure.</p>	<p>+0.217 [increased overspend]</p> <p>-0.145 [reduced benefit]</p>	<p></p> <p></p>
<p><u>Family & Community Services</u></p> <p>Specialist Education – the majority of the overspend relates to stated provision, which reflects the costs of new statements and additional support hours. Costs in this area are volatile due to the constant updating of available information and the projection could reduce as the year progresses.</p> <p>Specialist Education – the increased overspend relates to 6 young people and is a combination of a shortfall in recoupment income as fewer pupils are placed within T&W and the cost of pupils placed outside Telford & Wrekin.</p> <p>DSG – underspent DSG from 2010/11 was carried forward to 2011/12 and any unallocated amounts could be used to offset the costs of Specialist Education Service provision.</p> <p>Transport – saving arising from operational efficiencies and demographic changes</p>	<p>+0.328 [no change]</p> <p>+0.213 [increased overspend]</p> <p>-0.367 [increased benefit]</p> <p>-0.120 [increased benefit]</p>	<p></p> <p></p> <p></p> <p></p>
<p><u>Property & ICT</u></p> <p>PIP Properties – shortfall in rental and service charge income due to the higher level of voids.</p>	<p>+0.300 [no change]</p>	<p></p>

<p><u>Housing & Planning</u></p> <p>Planning – shortfall in planning fees due to the downturn in the economy.</p> <p>Building Control – shortfall in fee income</p>	<p>+0.115 [reduced overspend]</p> <p>+0.180 [no change]</p>	<p></p> <p></p>
<p><u>Economy & Skills</u></p> <p>Economic Development – loss of grant funding for Education Business Partnership</p> <p>Mitigating action, including increased fees to offset grant reduction</p> <p>Post 16 Transport – shortfall in contributions from colleges and grant</p>	<p>+0.257 [no change]</p> <p>-0.257 [no change]</p> <p>+0.115 [increased overspend]</p>	<p></p> <p></p> <p></p>
<p><u>Environmental Services</u></p> <p>Concessionary Transport – benefit arising from the change in methodology in the scheme administration, subject to review</p>	<p>-0.150 [no change]</p>	<p></p>
<p><u>Care & Support</u></p> <p>Purchasing budgets - the reported overspend is against a gross purchasing budget of £34.3m across all client groups, including residential care, home care, day care and adult placements. The pressure has mainly arisen from the withdrawal of funding by the PCT from clients previously receiving NHS funding due to their ongoing primary health need. These costs are now falling either on the individual or in most cases on Council budgets. This projection is over and above costs impacting and funded ongoing in previous years and reflects the full year impact of clients reassessed by the PCT in 2010/11 and those reassessed in 2011/12. The position is being kept under close review and continues to be raised and discussed with the PCT. The overall position takes into account the use of</p>	<p>+2.941 [increased overspend]</p>	<p></p>

one-off monies available in 2011/12.		
NHS Funding – a mix of additional one off and ongoing funding from the Government and PCT to fund Local Authority Social Care, and having to be deployed against displaced PCT spending.	-2.000 [no change]	
Core Services – staff savings	-0.130 [no change]	
<u>Items to be Rolled Forward to 2012/13 to create one off contingency</u>		
Treasury – benefits from the re-phasing of schemes from 2010/11 to 2011/12 and the impact of new investments taken early in the year, together with the impact of the 100 day budget and changes to the investment portfolio	-0.700m [increased benefit]	
Insurance – reduced cost of insurance renewals for 2011/12	-0.250m [no change]	
New Homes Bonus - Unringfenced grant	-0.615m [no change]	
Accelerated Non-Staff Savings – 2012/13 savings proposals delivered early in 2011/12.	-0.580 [increased benefit]	
<u>Total Rolled Forward to 2012/13</u>	2.145m	

- 5.4** The 2011/12 budget includes £1.3m benefit from accelerated staff savings which has been over achieved by £0.6m largely due to holding posts vacant prior to restructures.
- 5.5** It is proposed that the £2.145m identified in the table above is carried forward to 2012/13 to provide an additional one-off contingency as part of the budget strategy.

6.0 **CONTINGENCIES**

- 6.1 The 2011/12 budget includes combined contingencies of £3.768m, which are set aside to meet any unforeseen expenditure.

	£m
General Revenue Contingency	1.596
Income/Contract Inflation Contingency	1.072
Additional One Off Contingency (held in reserves)	1.100
Total Contingency	3.768
Approved Spend:	
Contractual Inflation – approved at Cabinet 26/7/11	0.595
EDL Spend – approved at Cabinet 20/10/11	0.010
Commitments – to be approved:	
Required to offset current projected variations	1.957
Balance remaining in Contingencies	1.206

7.0 **CAPITAL**

7.1 **2011/12 Capital Programme**

The capital programme totals £101m which is after including adjustments for re-phasing, new approvals and the impact of the 100 day budget review. Spend is shown in the table below and currently stands at 26% and robust programme management and monitoring is in place.

Priority	Budget £m	Spend To Date £m	%	Projection £m
Adult Care & Support	0.955	0.212	22.2	0.475
Active Lifestyles	1.047	0.053	5.1	0.458
Community Protection & Cohesion	2.648	0.805	30.4	1.928
Children & Young People	52.095	13.397	25.7	41.631
Housing, Regeneration & Prosperity	29.700	9.628	32.4	29.481
Efficient, Community Focussed Council	3.428	0.762	22.2	3.248
Environment & Rural Area	10.955	1.733	15.8	9.403
Total	100.828	26.590	26.4	86.626

- 7.2 The capital programme funding includes a significant amount of receipts anticipated to be delivered over the period 2011/12 to 2014/15. Failure to achieve, or delays to, the receipts will have financial implications for the Council and the position is being closely monitored.
- 7.3 There are a number of new allocations, slippage and virements detailed in Appendix 3 which are presented for approval.

8.0 CORPORATE INCOME MONITORING

- 8.1 The Council's budget includes significant income streams which are regularly monitored to ensure they are on track to achieve targets that have been set and so that remedial action can be taken at a very early stage. The three main areas are Council Tax, NNDR (business rates) and Sales Ledger. Current monitoring information relating to these is provided below. The Council pursues outstanding debt vigorously, until all possible recovery avenues have been exhausted, but also prudently provides for bad debts in its accounts.
- 8.2 In summary, the overall position shows collection levels for Council Tax ahead of target while NNDR collection and sales ledger outstanding debt are both slightly outside the targets set.

INCOME COLLECTION – October 2011			
	Actual	Target	Performance
Collection Levels:			
Council Tax Collection	67.17%	67.10%	0.07% Ahead of Target
NNDR Collection	69.10%	70.20%	1.10% Outside Target
Sales Ledger Outstanding Debt	6.38%	4.50%	1.88% Outside Target

8.3 Council Tax (£59.3m)

The percentage of the current year liability for council tax which the authority should have received during the year, as a percentage of annual collectable debit. The measure does not take account of debt that continues to be pursued and collected after the end of the financial year in which it became due. The final collection figure for all financial years exceeds 99%.

Year end performance 2010/11	98.0%
Year End Target for 2011/12	98.0%

Performance is cumulative during the year and expressed against the complete year's debit. Performance to the end of October is 0.07% ahead the target set for this year and 0.12% ahead of performance at the same time last year:

Month End Target	Month End Actual	Last year Actual
67.10%	67.17%	67.05%

8.4 **NNDR-Business Rates (£65.5m)**

The % of business rates for 2011/12 that should have been collected during the year. This target, as for council tax, ignores our continuing collection of earlier years' liabilities.

The measure does not take into account the debt that continues to be pursued and collected after the end of the financial year in which it became due. As a general rule the final collection figure for any financial year exceeds 99%.

Year end performance 2010/11	99.1%
Year End Target for 2011/12	99.1%

Performance at the end of October is 1.1% behind the month end target and 2.05% behind the collection at the same time last year. Collection rates for NDR do fluctuate during the year and the position will be closely monitored. Collection data is being further analysed to establish whether there are any trends and to determine which businesses are struggling to pay.

Month End Target	Month End Actual	Last year Actual
70.20%	69.10%	71.15%

8.5 **Sales Ledger (£41.4m)**

This includes general debt and Social Care debt. Debt below 2 months is classified as a normal credit period.

The target percent are set relating cumulative debt outstanding from all years to the current annual debit. The current targets and performance of income collection are as follows:

Age of debt	Annual Target %	Oct 2011	
		£m	%
Total	4.50	2.64	6.38

Overall outstanding Sales Ledger debt is outside target by 1.88%.

9.0 **BACKGROUND PAPERS**

2011/12 Budget Strategy / Financial Ledger reports

Report Prepared by: Ken Clarke, Head of Finance – 01952 383100;
Pauline Harris, Corporate Finance Manager – 01952 383701

Summary of 2011/12 Projected Variations

Service Delivery Unit	Accelerated Non Staff Savings £	Accelerated Restructure Savings £	Service £	Total £
Safeguarding	0	0	1,444,758	1,444,758
School Improvement	(90,000)	(200,000)	(43,708)	(333,708)
Family & Community Services	(115,000)	(410,000)	(196,198)	(721,198)
Property & ICT	0	0	250,000	250,000
Economy & Skills	(34,000)	0	65,000	31,000
Environmental Services	(187,000)	(92,530)	(230,000)	(509,530)
Housing & Planning	0	0	379,000	379,000
Care & Support	0	0	941,000	941,000
Customer, Leisure & Libraries	(37,481)	(494,682)	(2,902)	(535,065)
Governance	(39,710)	(36,803)	(98,310)	(174,823)
Finance	(34,000)	(255,101)	(8,553)	(297,654)
Core Services	(42,600)	(414,937)	(130,398)	(587,935)
Council Wide	0	1,300,000	(1,374,088)	(74,088)
Total Projected Variation	(579,791)	(604,053)	995,601	(188,243)
Items to be carried forward to 2012/13				2,144,791
Call on Corporate Contingency				(1,956,548)
Projected Year End Position				0
		0	0	0

2011/12 Revenue Budget Variations							
Description		Budget	Accelerated Non-Staff Savings	Accelerated Restructure Savings - VRs & Vacancies	Service	Comments	Flag for Service Variation
		£	£	£	£		
Safeguarding							
Children in Care	Placements	11,543,806			1,089,181	Based on all known CiC placements and projected for expected leave dates where known - this will reflect a change in both periods of care and numbers within residential care. Current numbers for w/e 4.11.11 are 294 CiC.	↑↑↑↑
Staffing	Agency	2,271,945			254,554	This is based on 14.68FTE Agency staff being employed for various dates ranging from the end of August to the end of December, with the majority continuing to the later date, offset by any vacancies covered by such staff. This projection will be updated in line with the continuous review of use and need for Agency staff throughout the year.	↑↑↑
Support for Children in Need/Legal Costs and Assessments	Various	224,390			167,915	This projection is based on previous levels of expenditure and will be subject to the type of cases that present themselves throughout the year, as yet unknown.	↑↑
Various					(66,892)		↓
Total Safeguarding				0	1,444,758		
School Improvement							
Staffing	Premature retirement and redundancy costs for school staff	1,419,131			216,688	This reflects costs of schools' redundancies and premature retirements. These are due to the need to reduce costs to mitigate the continuing financial pressure on schools. Current projections are based on information from the HR service on likely numbers but will be revised as appropriate for redeployment etc.	↑↑
Premises	NNDR	0			84,644	A revaluation of school properties has resulted in an additional cost above the budget provided to schools	↑
Schools Multicultural Development Service	Employees	526,851			(145,366)	A number are vacancies are being held pending Phase 2 restructure	↓↓
School Improvement	Employees			(200,000)			
	Various		(90,000)		(199,674)		↓↓
Total School Improvement			(90,000)	(200,000)	(43,708)		
Family and Community Services							
Early Intervention	Employees	2,016,147		(150,000)		Savings arising from posts held vacant in preparation for the restructure.	
Community Cohesion	Employees			(120,000)			
Specialist Education	Placements/Recoupment	2,175,489			213,332	This reflects a combination of the costs of T&W pupils with SEN placed within other LAs schools and the income derived from other LAs pupils placed in T&W schools. Any changes in numbers of pupils placed with us will result in a shortfall against income, any additional or increased needs in placements outside the Borough to other maintained schools will result in additional costs being borne by the Council. Change arises from additional costs or new placements relating to 6 young people.	↑↑

2011/12 Revenue Budget Variations							
Description		Budget	Accelerated Non-Staff Savings	Accelerated Restructure Savings - VRs & Vacancies	Service	Comments	Flag for Service Variation
		£	£	£	£		
Specialist Education	Statemented Provision	289,916			328,235	Reflects expected costs of any new statements in year or any additional hours required. Projections in this area are volatile due to the constant updating of available information and this projection could reduce as the year progresses.	↑↑↑
Specialist Education - Support Services		1,495,398		(65,000)			
Youth Services		1,218,465		(75,000)	(120,000)	Savings resulting from a number of operational efficiencies and demographic changes	↓↓
Transport					(367,000)	Unspent DSG has been carried forward from 2010/11 of which any unallocated amount could be used to offset the cost of Specialist Education.	↓↓↓
DSG							
	Variations under £50k		(115,000)		(250,765)		↓↓↓
Total Family and Community Services			(115,000)	(410,000)	(196,198)		
Property & ICT							
Property & ICT	PIP Rental Income	(5,996,480)			200,000	Projected shortfall in PiP rental income (of income target) due to high levels of voids in the current economic climate. Net of one off funding available in reserves.	↑↑
Property & ICT	PIP Other				100,000	Other indirect variations due to void properties, including NNDR and utilities	↑
Property & ICT	Cleaning & Catering				(50,000)	Various underspends on catering budgets	↓
Property & ICT	Operational buildings				(50,000)	Savings delivered from first tranche of property rationalisation (part-year effect)	↓
					50,000	Part year costs of new Wellington Civic Offices	↑
Total Property & ICT				0	250,000		
Economy & Skills							
Economic Development	Education Business Partnership	257,000			257,000	Loss of YPLA grant	↑↑↑
Economic Development	Education Business Partnership	-257,000			(257,000)	Actions taken, including increasing fees, to mitigate effect of grant loss	↓↓↓
Lifelong Learning	Post 16 Transport	70,000			115,000	Shortfall in contributions from colleges and grant	↑↑
One Telford	Various	1,649,850	(34,000)		(50,000)	Various underspends on marketing and tourism budgets	↓
Total Economy & Skills			(34,000)	0	65,000		
Environmental Services							
Environmental Services	Concessionary Transport				(150,000)	Benefit arising from the change in methodology in the scheme administration, subject to review	↓↓
Environmental Services	Transport service review savings				(80,000)	Retendered subsidised bus contracts and reduced cost of demand responsive service	↓
Environmental Services	Environment & Open Spaces Restructure	(104,470)		(92,530)		Early delivery of 2012/13 salary savings target from Environment and Open Spaces after recruitment (in excess of target built into budget).	
			(187,000)				
Total Environmental Services			(187,000)	(92,530)	(230,000)		

2011/12 Revenue Budget Variations							
Description		Budget	Accelerated Non-Staff Savings	Accelerated Restructure Savings - VRs & Vacancies	Service	Comments	Flag for Service Variation
		£	£	£	£		
Housing & Planning							
Housing & Planning	Planning	(1,007,450)			115,000	Shortfall in planning fees due to downturn in economy	↑↑
Housing & Planning	Building Control	(638,720)			180,000	Shortfall in building control fee income	↑↑
Housing & Planning	Planning	0			63,000	GIS system maintenance costs	↑
Housing & Planning	Public Protection	(352,860)			75,000	Loss of income from Taxi Licensing fees	↑
Housing & Planning	Temporary accommodation				100,000	Overspend on leasehold properties	↑
Housing & Planning	Housing				(100,000)	Total of various underspends on housing budgets	↓
Housing & Planning	Public Protection				(54,000)	Mitigation to offset loss of income from licensing fees	↓
Total Housing & Planning				0	379,000		
Care & Support							
All adult client groups purchasing, including residential care, home care, day care, adult placements etc		34,336,000			2,941,000	The reported overspend is against the gross purchasing budget of £34.3m and represents the gap in the base budget for funding Social Care purchasing in adults. The pressure has arisen mainly because of the withdrawal of funding of clients funded by the PCT because of their primary health need. These clients, the cost of which predominate in the Learning Disability client group, are now the responsibility of the Council to fund from Social Care budgets. The reduction in funding and increase in demand for financial support arising will add around £4.1m to the Council's base budget requirement in 2012/13, this is a cumulative sum which has been accruing over the past two financial years. This was revealed by a significant overspend in 2010/11 and in 2011/12 the full year impact of funding those clients reassessed in 2010/11, together with clients reassessed in 2011/12 will push this cost significantly higher. The LA is restricted in what it can do to make representation against the decisions to withdraw funding and only the client can appeal against the decision. This position takes into account the use of one-off monies available in 2011/12	↑↑↑↑
Funding from one off Government allocations and funding allocated to the PCT for the purpose of funding LA Social Care					(2,000,000)	However action is being taken to raise the issue of the implications of the shunting of costs to the Council This funding has arisen from the allocation of one off funds to the Local Authority by the PCT and Government in 2010/11, and further resources announced in the December RSG settlement and passported through the PCT in 2011/12 and 2012/13. of around £2.1m in each year.	↓↓↓↓
Total Care & Support (Adults & Children)				0	941,000		
Customer, Leisure & Libraries							
Customer Quality	Employees	1,625,180		(169,499)		Savings arising from posts held vacant in preparation for the restructure.	
Revenues & Benefits	Employees	2,705,600		(138,908)		Savings arising from posts held vacant in preparation for the restructure.	

2011/12 Revenue Budget Variations							
Description		Budget	Accelerated Non-Staff Savings	Accelerated Restructure Savings - VRs & Vacancies	Service	Comments	Flag for Service Variation
		£	£	£	£		
Wellington Leisure Centre	Various	478,250			84,894	Impact of closure of site for 11 months due to capital works. A reserve was set aside at the end of 2010/11 to cover this.	↑
Aspirations	Employees	248,180		0	(83,545)	Savings arising from posts held vacant in preparation for the restructure. This is being used to offset service pressures elsewhere.	↓
Arthog	Employees	444,400		(71,607)		Savings arising from posts held vacant in preparation for the restructure.	
Madeley Court Centre	Joint Financing	294,850	(37,481)			Early delivery of staffing savings at Telford Trust which has resulted in a saving on the Council contribution to the Trust.	
Libraries	Employees	1,149,940		(99,976)		Savings arising from posts held vacant in preparation for the restructure.	
	Variations Under £50k			(14,692)	(4,251)		↓
Total Customer, Leisure & Libraries			(37,481)	(494,682)	(2,902)		
Governance							
Land Charges	Income	- 89,570			56,695	Impact of change in Government Legislation regarding charges for property searches which would result in refunds being issues totalling £120k. This is being offset by additional Land Charges income.	↑
Members Services	Contribution from Reserves				(34,532)	Grant received from government in 2010/11 to offset the above	↓
	Supplies & Services	908,350			(63,353)	Under spend arising from reductions in number of special responsibility allowances being paid to members.	↓
	Variations under £50k			(36,803)		Savings arising from posts held vacant in preparation for the restructure.	
	Variations under £50k		(39,710)		(57,120)		↓
Total Governance			(39,710)	(36,803)	(98,310)		
Finance							
Finance	Employees	2,609,070		(260,442)		Savings arising from vacant posts relating to the restructure.	
Employment Services	Employees	804,710		5,341		Impact of restructure.	
	Variations under £50k		(34,000)		(8,553)		↓
Total Finance			(34,000)	(255,101)	(8,553)		
Core Services							
All Services	Employees	2,731,920		(414,937)		Savings arising from posts held vacant in preparation for the restructure and restructure savings delivered early.	

2011/12 Revenue Budget Variations							
Description		Budget	Accelerated Non-Staff Savings	Accelerated Restructure Savings - VRs & Vacancies	Service	Comments	Flag for Service Variation
		£	£	£	£		
	Variations under £50k		(42,600)		(130,398)	Mainly staffing savings due to officers not being at top of grade or officers not in pension scheme.	↓↓
Total Core Services			(42,600)	(414,937)	(130,398)		
Council Wide							
Treasury Management		(2,994,900)			(700,000)	Benefit from slippage on capital programme, interest earned on new investments and the impact of the 100 day budget.	↓↓↓↓
Insurance		970,470			(250,000)	Estimated benefit to the General Fund of reduced cost of the Council's insurance policies for 2011/12 - this figure may alter as further detailed work is underway to confirm the split between Schools and the rest of the Council.	↓↓
New Homes Bonus Grant					(615,000)	Additional grant awarded after the budget for 2011/12 had been set	↓↓↓↓
Revenues & benefits	Transfer Payments	60,560			72,778	NNDR Relief	↑
Customer, Leisure & Libraries	Variations under £50k				46,802	Additional NNDR costs	↑
Finance	Housing & Council Tax Benefit Subsidy	(52,880)			16,193	Expenditure against rent allowance payments has increased significantly and is currently £2million higher at the beginning of November 2011 than November 2010. The level of subsidy received has dropped to 98.2% compared to 98.4% last month	↑
Finance	Purchase Rebates	(102,500)			35,249	Impact of lower spend on agency staff through the Commensura contract. The current contract ceases on 31st December 2011 .	↑
Finance	Variations under £50k				(10,110)	Variations arising on bank charges and cash collection	↓
Environmental Services	Lease Buyout Wheelie Bins				30,000	Cost of buying out leases for wheelie bins otherwise bins have to be returned. No service area budget to cover this cost One-Off benefit of Voluntary Redundancies/Restructure savings delivered early included in base	↑
Total Council Wide				1,300,000	(1,374,088)		
Total Variations			(579,791)	(604,053)	995,601		
Overall Variation					(188,243)		

Key			
£0 - £100k	↑	Underspend	●
£101 - £250k	↑↑	Overspend	●

2011/12 Revenue Budget Variations							
Description		Budget	Accelerated Non-Staff Savings	Accelerated Restructure Savings - VRs & Vacancies	Service	Comments	Flag for Service Variation
		£	£	£	£		
£251 - £500k	↑↑↑						
£501k and above	↑↑↑↑						

Capital Approvals Required

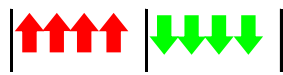
	£	
Madeley Academy	51,280	Grant
Newport High School	1,000,000	Grant
Mount Gilbert Special School	300,000	Grant
Newport Feasibility	100,000	Prudential Borrowing
Donnington House	65,000	Revenue/External Funding

Virements

To:	£	From:
Town Park	195,000	Short Breaks Capital
BTI Leegomery	5,000	Access Funding
Malinslee Local Centre	21,000	Playbuilder 2

Slippage into 2012/13

	£
Children and Young People	
ADSLC - Abraham Darby Academy	(3,048,968.63)
Lakeside SLC - Lord Silkin School	(578,878.04)
Lakeside SLC - Stirchley Leisure	(110,958.00)
Lakeside SLC - PCT consulting rooms	(69,784.00)
Dawley SLC - Phoenix School	(568,939.80)
Wrockwardine Wood Arts College	(2,018,924.45)
Adams' Grammar School	(764,084.77)
Southall Special School	(140,930.00)
Site Surveys and Investigations	(1,585,482.00)
Housing Regeneration, Prosperity	
Accommodation Strategy	(500,000.00)
Parks for People - Phase 2	(159,000.00)
Borough Towns Initiative-Wellington Civic	(250,000.00)
Borough Towns Initiative-Oakengates	30,000.00
Malinslee Local Centre	(41,000.00)
- North & South	(500,000.00)
Extra-Care Housing (Other)	(200,000.00)



**Budget & Finance Scrutiny Committee
Forward Plan 2011/12**

MEETING DATE	AGENDA ITEM	LEAD MEMBER/ OFFICER	ADDITIONAL ATTENDEES
Wednesday, 27 th July Scrutiny Meeting Room	<ul style="list-style-type: none"> 100-day review of 2011/12 service and financial strategy Financial Monitoring report Telford Town Centre Report Schools Capital Programme Work Programme 	Bill McClements Paul Clifford Fliss Mercer Kate Turner	
Wednesday, 12 th October Scrutiny Meeting Room	<ul style="list-style-type: none"> Service & Financial Planning 2012/13 -2013/14 Interim feedback from consultation on the budget – 110 day and medium term Agree response to 100-day budget proposals 	Cllr, Bill McClements Ken Clarke Felicity Mercer	
Tuesday, 15 th November Scrutiny Meeting Room	Procurement Consultation on budget proposals	Cllr. Bill McClements Sarah Bass Andy Challenor	
Thursday, 5 th January 2012 6.30pm, Scrutiny Meeting Room	Financial Monitoring 2011/12 Service & Financial Planning 2012/13-13/14 (budget proposals)	Cllr. Bill McClements Ken Clarke	tbc
Tuesday, 24 th January 6.30pm, Scrutiny Meeting Room	Evidence gathering for budget proposals Alternative budget proposals		
Wednesday, 1 st February 6.30pm, Scrutiny Meeting Room	Further evidence gathering Agree response to budget proposals		
Forward items			
Small Business Loans Fund			
On-going monitoring of Capital Receipts			
Costs in service areas agreed by members, particularly high spending services - savings proposals, impacts (e.g. adult social care, SEN)			
Financial monitoring reports			
Highways Capital Programme			
Budget consultation			
Scrutiny Suggestions			
Maximising value for money from management or sale of Council assets			