

## Consumer Focus Board

<b>Paper 6.1</b>
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**Title:** Finance and Resources Report

**Purpose:** For information

**Date of meeting:** 1 December 2009

**Responsible officer:** Graham Clark

**Prepared by:** Graham Clark

**Attachments:** Annex 1-4: Management Accounts summary reports  
Annex 5: Headcount Summary at 23 November

### 1 Overview

1.1 The October accounts are attached. The under spend reported in previous months has reduced due to the inclusion of severance lump sum payments and cash payments for early retirements. The underlying under spend on the work programme remains although work on the revisions to the forward work programme have commenced and additional projects identified.

### 2 Action for the Board

2.1 The Board is asked to **NOTE** the Finance and Resources report.

### 3 Management Accounts

3.1 Table 1 - Finances for the 7 months to end of October 2009

<u>£000s</u>	Month Budget	Month Actual	Month Var.	YTD Budget	YTD Actual	YTD Var.
<b>Income</b>	1,505	1,464	(41)	10,537	10,307	(230)
<b>Expenditure</b>						
Core	1,261	1,470	(209)	8,929	7,846	1,083
Transition	61	23	38	934	859	75
Legacy Property	253	218	35	1,778	1,124	654
Total Exp.	<u>1,575</u>	<u>1,711</u>	<u>(136)</u>	<u>11,641</u>	<u>9,829</u>	<u>1,813</u>
Surplus (Deficit)	<u>(70)</u>	<u>(247)</u>	<u>(177)</u>	<u>(1,104)</u>	<u>478</u>	<u>1,583</u>

3.2 Income is £230k behind budget but this reflects the NSMC rent for 20 Grosvenor Gardens which is recovered through the internal overhead charges which are reported through expenditure. There is an equal variance within the Legacy property expenditure line. All grant and property rents are in line with budget.

3.3 Expenditure for the month is £136k above budget with an under spend of £1,813 for the year to date, £1,583k after allowing for the NSMC rent recovery.

- 3.4 **Expenditure on Core areas, appendix 1**, remains behind budget by £1.1m year to date. Higher overhead recharges £100k and property savings £100k are permanent and are reflected in the forecast. GB programme costs are behind schedule £598k, due to phasing and project slippage. Similar trends are seen for Scotland £119k and Wales £114k. The key expenditure months for the existing programme are now forecast to be November to January. The procurement associated with these projects are either completed or underway.
- 3.5 Expenditure on recruitment costs is £98k over budget due to an inadequate annual budget (£30k for the year) and significant costs associated with the key director recruitments for the CEO and Senior Director Scotland. Early retirement costs are also over budget due to appeals and staff not identified in the end of year provision. The early retirements over spend was previous reported and included in the forecast.
- 3.6 Staff salary costs are under spent by £311k, offset by temporary staff costs -£188k and other staff costs -£222k, which are the ongoing pension costs.
- 3.7 **Transition costs, appendix 2**. Under spend of £75k. Expenditure is behind budget reflecting the early departure of some of the transition team, with this work now being undertaken over a slightly longer timescale. This carry over funding agreed with BIS also covers severance costs of £369k for the staff who left this year.
- 3.8 **Legacy properties, appendix 3**. Under spend of £409k - ongoing savings in staff costs, greater recovery of costs through tenants and delays to maintenance work.
- 3.9 **Externally funded work, appendix 4**. This combines NSMC and Scotland. Finances are satisfactory and breaking even as planned. Work is running behind budget phasing, primarily in NSMC. There are no finance issues in these areas. NSMC have just received a substantial assurance audit report from the internal auditors.

#### 4 Management Accounts by Funding Stream

- 4.1 This information is provided quarterly. The half year analysis previously reported the forecast under spend by funding stream to be:

5 months	Energy £000s	Post £000s	BIS £000s	Total £000s
Budget	3,074	2,173	2,926	8,173
Actual	2,624	1,709	2,154	6,487
Variance	450	464	772	1,686
	15%	21%	26%	21%

- 4.2 These variances will not have changed materially. There are no specific variances by funding stream in the month that will have affected the overall percentages. The BIS under spend will begin to reduce in December when NSMC move into Artillery House and stop contributing to the legacy property costs.

## **5 Forecast**

- 5.1 The forecast remains unchanged. We anticipate the savings of £600,000 in our core funded area will be offset by the new projects identified.
- 5.2 Year end staff numbers, excluding the externally funded programmes in Scotland and NSMC are forecast to be 171.

## **6 Staff Numbers**

- 6.1 A separate report (appendix 5) is attached detailing establishment numbers, staff in post, permanent, temporary and transition staff.