

## Consumer Focus Board

Paper 9.1

**Title:** Finance and Resources Report

**Purpose:** For information

**Date of meeting:** 13 October 2009

**Responsible officer:** Graham Clark

**Prepared by:** Graham Clark

**Attachments:** Annex 1-4: Management Accounts summary reports  
Annex 5: Headcount Summary at 28 September

### 1 Overview

- 1.1 The August accounts are attached. Since the September Board meeting finance have engaged in detailed discussions with the programme leads and the heads of corporate services. The accounts now include accruals for the major elements of expenditure incurred but not invoiced. We also have a clearer picture of our forecast for the year.
- 1.2 Summary financial statements are attached for the following funding areas – core, transition, legacy and externally funded projects.

### 2 Action for the Board

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

### 3 Forecast

- 3.1 We have now completed a more detailed review of GB programme and Corporate Services areas to update the first quarter forecast prepared for the September Board. A paper on potential revisions to the Forward Work Programme has been prepared to address any potential programme delays or cancellations or any identified savings in other support areas identified by the forecast or the ongoing monitoring of our finances. This paper will need to be considered in conjunction with the analysis of the forecast by the 3 funding streams ie energy, post and BIS.
- 3.2 Overall it is forecast that the Core expenditure area will provide approximately £600,000 of savings for reallocation to other projects. The key variances are:

	<u>£000's</u>	<u>reason</u>
Property costs	-100	Some budget costs haven't materialised
Overhead recovery	-250	Higher activity by NSMC (net of extra costs)
GB work programme	-150	Work not proceeding this year
All staff meeting	-100	Not expected due to CEO changes
Salaries & related costs	-200	Running rate savings
Ongoing pension costs	+200	Some leavers not included in budget
Total	-600	

- 3.3 The savings do not occur equally across all funding areas. BIS savings are higher as they are more prominent in the FWP savings. The additional pension costs will be specific to sector, more likely to be energy and post. The analysis of the forecast by funding stream is underway and will be reported at the board meeting.
- 3.4 The transition carry over agreed with BIS is likely to be close to budget by the end of the year.
- 3.5 Legacy properties are likely to deliver savings due to our success in finding tenants, the potential transfer of ex postwatch properties to Royal Mail and an assignment currently being negotiated. The savings will be dependent on the timing and costs of the transfer / assignment which at the moment are uncertain. Savings from this area are not available for reallocation.

#### 4 Management Accounts

**Table 1 - Finances for the 5 months to end of August 2009**

<u>£000s</u>	Month Budget	Month Actual	Month Var.	YTD Budget	YTD Actual	YTD Var.
<b>Income</b>	1,505	1,524	19	7,526	7,558	32
<b>Expenditure</b>						
Core	1,258	1,449	(191)	6,472	5,372	1,100
Transition	80	22	58	795	508	287
Legacy Property	254	237	17	1,270	1,001	269
Total Exp.	1,592	1,708	(116)	8,537	6,881	1,656
Surplus (Deficit)	(87)	(184)	(97)	(1,011)	677	1,688

- 4.1 Expenditure for the first five months is reported under spend of £1,688k, with the split between core, transition and legacy properties shown in the table above. These figures now include significant accruals and previously missing expenditure on pensions and property recharges.
- 4.2 Core areas expenditure, appendix 1, is behind budget by £1.1m year to date. Overhead recharges £200k and property savings £100k are permanent and are reflected in the forecast commentary. GB programme costs are behind schedule £370k, due to early delays in recruitment while budgets were formalised and time taken to prepare work for the annual plan. The key expenditure months are now forecast to be three months November to January. Similar trends are seen for Scotland £100k and Wales £75k. Other delayed expenditure arises from property maintenance £120k.
- 4.3 Staff salary costs are underspent by £217k, offset by temporary staff costs and other staff costs, which are primarily the ongoing pension costs.
- 4.4 Transition costs, appendix 2. Underspend of £287k. 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.
- 4.5 Legacy properties, appendix 3. Underspend of £291k - ongoing savings in staff costs, greater recovery of costs through tenants and delays to maintenance work.

- 4.6 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.

## 5 Management Accounts by Funding Stream

Table 2 – Net expenditure by funding stream

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%

- 5.1 The table above analysis our net expenditure after 5 months by funding stream. This table differs from table 1 as this is prepared on a funding basis ie expenditure net of property rents. This covers all our funded areas ie core, transition and legacy properties. The total variance is the same if tables 1 and 2.
- 5.2 All expenditure by funding streams are behind as would be expected. However the percentages differ with BIS currently 26% behind budget. This arises for two main reasons, GB work programme already referred to and legacy properties. The only BIS related legacy property is currently occupied by NSMC which reduces the associated costs. This will change when NSMC vacate and move into Artillery House. Ongoing pension liabilities were all energy and account for the differences between energy and post.

## 6 Staff Numbers

- 6.1 A separate report is attached detailing establishment numbers, staff in post, permanent, temporary and transition staff.
- 6.2 Of note are the 17 additional staff in corporate services which are a combination of additional volume (NSMC), project work (HR & IFRS) and the legacy properties team which are not reflected in the permanent establishment.