

Consumer Focus Board

Paper 6.1

Title: 2011/12 Mid Year Reporting

Date of meeting: 29 September 2011

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Attachments: Management Accounts:

- Appendix A – Mid Year forecast for 2011/12
- Appendix B - 5 Months to end of August

1 Issue

We are under spending on our 2011/12 budget and are likely to continue to do so for the rest of this financial year.

2 Recommendations

- 2.1 To note the under spend against budget of £1.18m after 5 months at 31st August and the forecast under spend of up to £1.5m for the financial year.
- 2.2 The forecast savings may be lower than the £1.5m as this assumes that we will not make posts redundant during this financial year or meet other costs.

3 Background

- 3.1 The finances of Consumer Focus are undergoing a significant change as we have to manage with lower funds, greater central direction and significant delays and restrictions on recruitment and, given our prospects, difficulties in recruitment where authorised. The process of transition to successor bodies has also been slower than anticipated when the budget was set – 28% of the under spend is against the budget we had set aside for transition. These conditions are affecting our ability to spend our budget and the consequential delivery of the programme.
- 3.2 Our past experience is that expenditure speeds up in the second half of the financial year and hence we are not predicting a proportionate increase to 31 March 2011.

2011/12 – Management Accounts at end of August

The management accounts for the 5 months to the end of August are attached.

Overview

- Our most significant cost is people. The restrictions on recruitment, staff, agency or contractors has had a significant affect on our budget, both expenditure and our capacity to deliver on our work plan.
- The need for protracted BIS approval at each stage and restrictions on recruitment have resulted in a significant under spend against the payroll budget.
- Delays to the Consumer landscape review and decisions have delayed expenditure on transition costs – posts and fees.
- Programme spend has been slow to gain momentum following carryover of work from 2010/11 and recruitment activity.
- Carryover of NSMC funds into 2011/12 is leading to a higher than budgeted income from externally funded project work.
- After a delayed start our recruitment is now progressing such that the under spend seen in the first 5 months will be lower in the remainder of the year

Forecast

- We are currently forecasting an under spend of £1.5m which splits between

Energy - £800k
 Post - £300k and
 Rest of the Economy - £400k.

- The main variances, split between salaries and non-salary costs are:

<u>VARIANCES</u>	<u>£k's</u>		<u>Total</u>
	<u>Salaries</u>	<u>Non Salaries</u>	
Transition	225	186	411
Depreciation	0	80	80
Legacy prop	53	58	111
Over head recoveries	0	48	48
SMT	65	21	86
Energy Team	54	131	185
Post team	99	3	102
GB Communication	61	25	86
EHU	54	3	57
Scotland (non EHU)	89	62	151
Wales	97	6	103
Others	5	30	35
TOTAL	802	653	1,455

- This ignores any additional programme spend or any redundancy costs which we may have to bear in 2011/12 and cover from our own budget.