

**Corporate Governance Report to Executive
2005/06 Quarter 2 - to the end of September 2005
Financial Commentary**

The following comments are provided to explain the attached high level budget monitoring figures.

SUMMARY

The attached Corporate Governance report for the first quarter indicates an **underspend** of £1.2m (16%), which is a slight increase on the £1.1m underspend at the end of Quarter 1. This reflects expenditure and income transactions to the end of September as recorded on the financial management system ('fms') except for Contingency and external investment income.

Detailed explanations are provided below. The net underspend position is consistent with the monthly budget monitoring undertaken by Portfolio Holders and Assistant Directors - with few significant variances being highlighted to date.

DETAILED COMMENTARY

The net overspend on **Overtime** covers a number of variances on various cost centres, some of which are significant. There is still some confusion about the recent decision to remove many decentralised overtime budgets, requiring Assistant Directors budget holders to bid for additional budget from the managed vacancy pot. I will remind Assistant Directors of the new process.

The £40k (19%) underspend on **Temporary and Agency Staff** is partly due to savings arising from the new countywide contract.

The £13k (28%) underspend on **Training** appears to be due to the continuing effect of the Senior Management Restructuring exercise.

Much of the large £107k (46%) underspend on **Repairs and Maintenance** reflects a large brought forward budget provision from 2004/05 which was anticipated to be utilised by the end of September, but which will be slightly later (including Abbey House window redecoration).

Temporary Accommodation is looking healthy with a net £21k underspend indicated in the report. Unfortunately this is misleading. Since running the report a serious financial liability has been identified which will cause a significant overspend at the year-end. A budget change request with a full explanation will be submitted to Members.

The apparent underspend on **Partnership and Community Grants** of £168k (64%) is still due to a number of 2004/05 grants still not having been paid out. However the administering officers are confident that the grant will be fully utilised in the year with any unspent amount being requested for carry forward to next year.

The **Benefits** figures net off to a £59k overspend which is within acceptable tolerances given the volatility and size of these demand-led budgets.

The 16% (£78k) underachieving on **Car Parking income** has continued from Quarter 1. A request to amend the budget has been submitted as well as proposals to boost income from targeted price rises in 2006.

Planning and **Building Control** have overachieved their income target by £50k between them, which is due to market-driven increases in application volumes.

The underachievement on **Leisure Income** has reduced considerably from the Quarter 1 level and should improve still further.

Other Expenditure cover a myriad budgets which cannot be adequately addressed in this report. Any significant variances will be examined in the monthly performance management meetings.