

AGENDA ITEM 6
ES/003/11

Committee	Executive Scrutiny Committee	
Date:	25 January 2011	

Scrutiny Review-2010/11 Financial Review as at Half Year Stage - Councillor Turrell Query - section 2.9 (p. 8) and the high risk of a £650,000 over spend (out of a total Service over spend of £1.836 million) in the Facilities Management Service remaining at the end of the financial year.

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Introduction

At the meeting on 10th October 2010, the Financial Review at half year stage was presented by Margaret Lee – Director for Finance. In the Portfolio commentary for Revenue, Recharged Strategic Support Services – Major Projects and Commercial Services – Facilities Management Services, an over spend of £1.836m was reported with a high risk of £650,000 remaining at year-end.

Councillor Turrell asked about the forecast £650,000 residual over spend. Councillor Finch responded, indicating primary reasons include increased car parking charges not implemented and significant increase in business rates.

It was agreed that a summary report with further details of the issues be brought to a future meeting.

Summary Report

1. Reasons for predicted end of 2010/11 £650,000 residual over spend:

- a. Car parking charging not implemented – a number of options to charge for car parking have been considered, however, to date none have been adopted. Plans to implement car parking charging are delayed at least until the financial year 2011/12.
- b. Significant increase in business rates – the regular five year review of business rates in 2009/10 resulted in unprecedented, significant rate increases for ECC for 2010/11 and beyond. Notification of the rate

increases was not received in time to be included as part of the budget setting process for the 2010/11 financial year.

- c. Staffing cost efficiency reductions 2009/10 not implemented – the Property and Facilities Service Group were not able to progress this at the pace initially envisaged. This resulted in a shortfall in savings achieved during 2009/10 which contributed to the 2010/11 budget position.

2. Actions in year 2010/11 to mitigate against overspend:

- a. Comprehensive service re-structure
- b. Contract consolidations and re-negotiations
- c. Freeze on spend in non-critical areas
- d. Review of minor works programme
- e. Robust and forensic budget management
- f. Strong challenge to Business rates increases

3. Moving forward 2011/12

The residual over spend from 2010/11 will be carried forward into the 2011/12 financial year. This over spend will be adequately covered by the 2011/12 efficiency programme that the Service will be implementing. The efficiency programme includes the Facilities and Asset Management Outsourcing Project and the Property Transformation Programme.

