



**Period 3 Finance Report**

*Responsible Board Member(s)* Philippa Tudor  
*Paper prepared by* Martina Marshall

*Date* 15 July 2010

*Summary:* The results for the three months indicate a resource underspend of £5.1m (20.9%) and a capital underspend of £3.0m (55.5%).

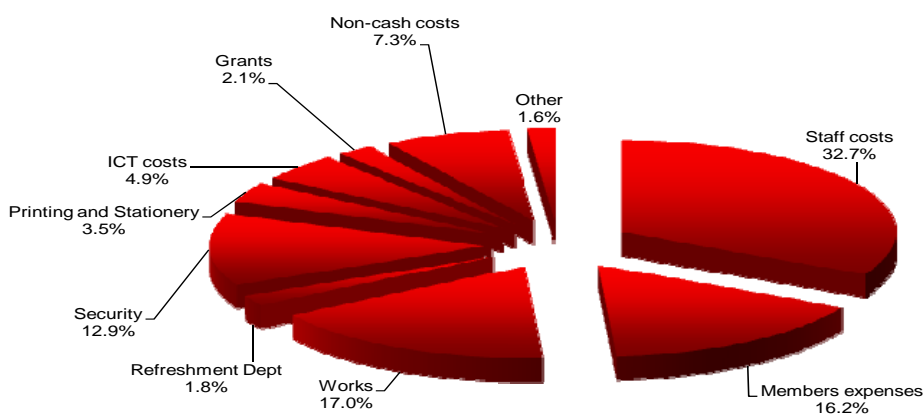
*Summary of actions requested:* The Board is invited to take note of the 2010-11 quarter one financial results.

## Overview

1. This paper reviews the expenditure for the three months ended 30 June 2010.
2. The results for the three months indicate a resource underspend of £5.1m (20.9%) and a capital underspend of £3.0m (55.5%).
3. Explanations of results are detailed in paragraphs 4 to 11 below.

	Year to Date Estimate 2010-11 £000s	Year to Date spend 2010-11 £000s	Variance against Estimate over/ (under) £000s	Variance against Estimate over/ (under) %
Administration Resource Expenditure	19,142	15,036	(4,106)	(21.5)
Estates and Works Resource Expenditure	5,265	4,273	(992)	(18.8)
<b>Total Resource Expenditure</b>	<b>24,407</b>	<b>19,309</b>	<b>(5,098)</b>	<b>(20.9)</b>
Administration Capital Expenditure	369	204	(165)	(44.7)
Estates and Works Capital Expenditure	5,063	2,214	(2,849)	(56.3)
<b>Total Capital Expenditure</b>	<b>5,432</b>	<b>2,418</b>	<b>(3,014)</b>	<b>(55.5)</b>
<b>Total</b>	<b>29,839</b>	<b>21,727</b>	<b>(8,112)</b>	<b>(27.2)</b>

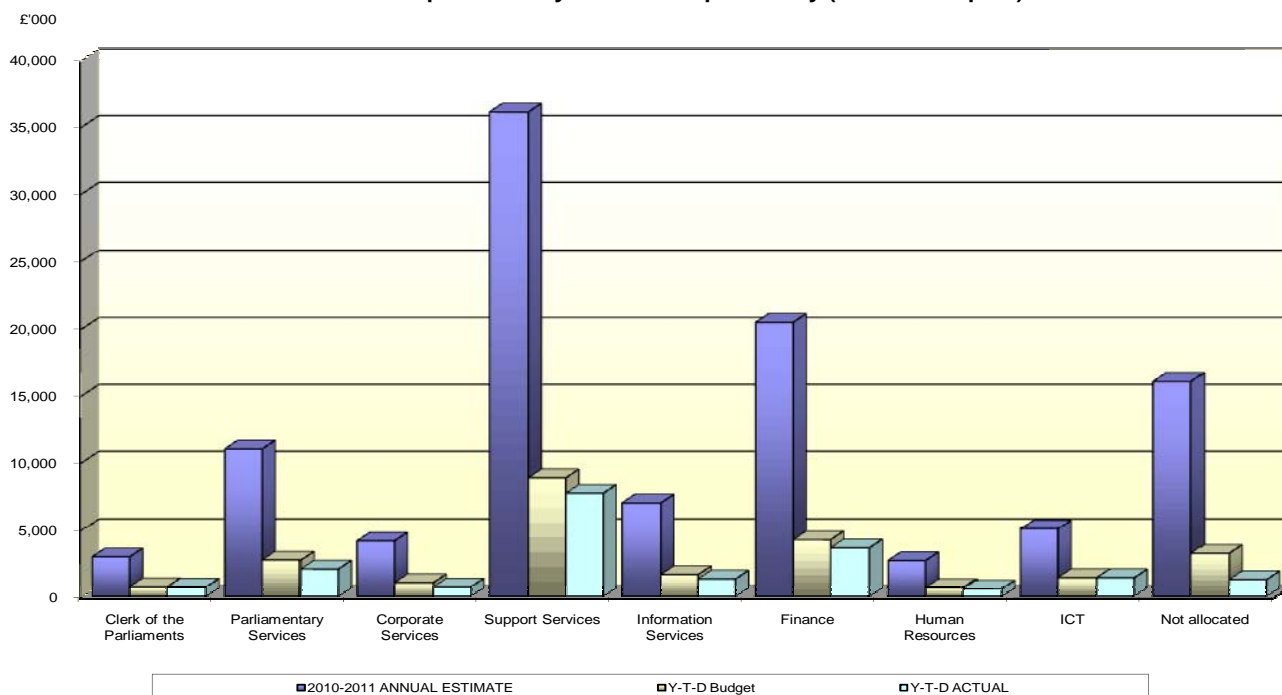
Resource Expenditure by significant area of spend (excludes income and capital spend)



## Key Highlights – Capital and Resource Expenditure (annex I)

4. Capital investment is underspent by £3.0m predominantly due to the Works underspend of £2.8m primarily caused by the incorrect profiling of their budget.
5. IT and IS services is underspent by £0.4m is mostly due to ICT project spend being lower than profiled. The Financial Planning round in September will indicate whether savings can be made in these areas or whether the budget has been incorrectly profiled.
6. The strategically managed admin and capital costs underspend of £1.0m and £0.8m respectively continue to be monitored centrally in Finance. These budgets will be closely reviewed during the Financial Planning round and allocated as required.
7. Costs in relation to Members Expenses are currently underspent by £0.6m
8. Printing and publications are underspent by £0.5m which seems to be caused as a result of the House not sitting for the first five weeks of the financial year. We will enquire during the Financial Planning round whether spend will accelerate during the final nine months of the year.
9. The underspend of £0.4m in staff related costs is primarily pay and pensions underspend of £0.3m. The remaining £100k underspend are staff related costs including travel and training.
10. Security costs are underspent by £0.3m mainly due to reduced costs in the MPS contract during the election recess period.
11. The Works current expenditure underspend of £1.0m is partly due to incorrect profiling – we will enquire during the Financial Planning round as to whether a reduction in budget is possible.

Resource Expenditure by areas of responsibility (excludes capital)



## Analysis of Underspend by Office

12. The following budgets show the greatest variances in monetary terms (greater than £100k) as at the end of quarter one:

Office	YTD variance £'000	Areas of underspend:
Members Expenses	555	<ul style="list-style-type: none"> <li>Primarily due to the profiling of claims and the House not sitting during the election recess period</li> </ul>
Committee Office	159	<ul style="list-style-type: none"> <li>Pay and pensions (£66k)</li> <li>External services (£90k)</li> <li>Travelling (£25k)</li> <li>Offset by overspend in printing £46k</li> </ul>
Hansard	125	<ul style="list-style-type: none"> <li>Pay and pensions (£46k)</li> <li>Printing (£68k)</li> <li>Capital investment (£4k)</li> </ul>
Printed Paper Office	278	<ul style="list-style-type: none"> <li>Publications (£267k)</li> <li>Office supplies (£10k)</li> </ul>
ICT	331	<ul style="list-style-type: none"> <li>Various ICT projects (£285k)</li> <li>Capital investment (£42k)</li> </ul>
Estates and Works	3,841	<ul style="list-style-type: none"> <li>Capital investment (£2,849k)</li> <li>Current expenditure (£991k)</li> </ul>
PICT	207	<ul style="list-style-type: none"> <li>Pay and pensions overspend of £66k</li> <li>Capital investment (£196k)</li> <li>Telecommunications (£73k)</li> </ul>
No specific budget	1,989	<ul style="list-style-type: none"> <li>Pay and pensions (£113k)</li> <li>Centrally held admin costs (£961k)</li> <li>Centrally held capital costs (£790k)</li> <li>Contingency fund (£125k)</li> </ul>

## Conclusion and recommendation

13. As noted above, the three month results has highlighted a significant underspend in both resource and capital spent. The Financial Planning process in mid September will identify how much of the underspend can be offered as possible savings and how much is as a result of inaccurate profiling of budgets.
14. The series of savings meetings with budgetholders held jointly by the Reading Clerk and Finance Director have already resulted in some worthwhile savings being identified for the current financial year. These savings will be discussed again with budget holders during the Financial Planning round and look to be incorporated in to the Forecast Outturn and Four Year Plans. In addition to the savings exercise, more work will be needed in areas of high underspend, including ICT projects and staff costs, in the year ahead in order to improve budgeting.
15. The Board are invited to take note.

15<sup>th</sup> July 2010

Philippa Tudor