

At a Glance - Overview

Overall, there is a projected underspend in the region of **£2.6m** at year-end..

The is primarily due to:

- Restructuring savings arising from external support services contracts (Liberata and Brent), and staff savings from the corporate and Liberata projects totalling £2,370k this is offset by redundancies - £600k
- Core salaries - is expected to be under budget by £424k.
- Increased dividends from Geoplace - £250k.
- Decreased net programme costs - £416k
- Increased Contribution to overheads - £145k
- Reduced rent & increased maintenance costs in both Local Government House & Layden House - £376k

The development fees for Layden House in the current are currently projected to be £1.97m. Note LGMB cash balances are now almost nil, as a result of this expenditure. Proposals will be bought forward in the new year to fund the development project. In the meantime cashflow is being funded from within the Groups significant treasury management balances.

100% of Subscriptions have been collected for 2015/16.

Core Activities

The LGA's overall income is projected to be in the region of **£0.3m** higher than budgeted income. Operating expenditure has projected underspends in the region of **£2.2m** against budgets. The key variances are:

- Restructuring and External Shared Services Contracts - (Liberata and Brent) underspend £2,370k

A reduction in both costs and income represent the agreed charges between Liberata and Brent and the LGA and other parties.

- Core Salaries- underspend £424k

Due to to savings from restructuring.

- Redundancies additional costs - £600k

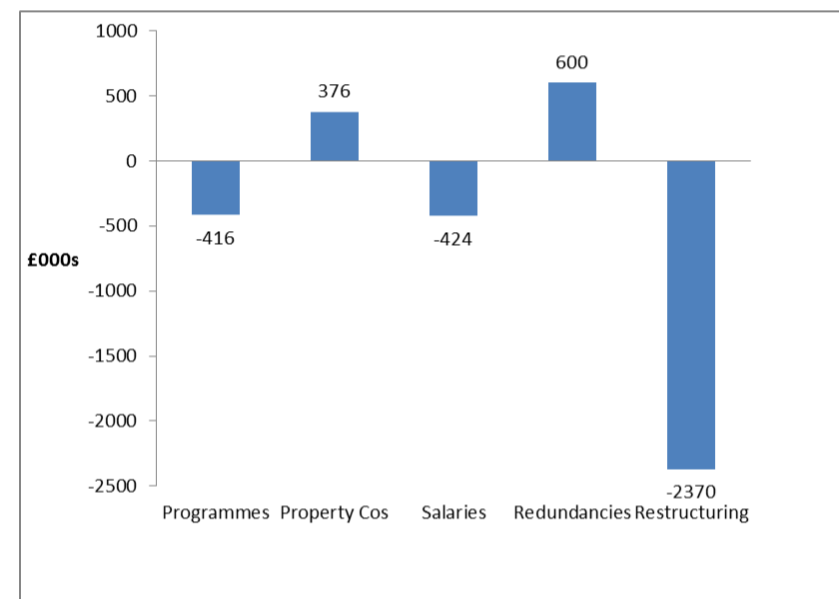
The estimated forecast is due to the recent restructure.

- Property Companies overspend - £376k

Largely due to unbudgetted maintenance costs and reduced rent.

- Programme underspend - £416k;

mainly due to Finance & Policy - £96k, Communications - £160k, Workforce, Leadership & Productivity - £160k.

**Ring-fenced Activity**

The variances in forecasts for ringfenced activity are mainly due to increased income from: Care & Health programmes - £1.23m, Yr2 for Open Data Release - £1m, Police Negotiations - £52k, Scottish Police Negotiations - £50k and Customer Led Transformation - £50k this is offset by Pensions reduction - £121k.

In total £12.4m in grant / ring-fenced income. This is expected to generate £1.25m in contribution to overheads, **£145k** over the current budget.

Risks

The supplier payments target of 95% is not being met; this month 91% was reached; this is partly due to purchase orders not being raised in advance of the invoice being received. In budget terms this could create an overspend due to commitments not being correctly monitored.

Opportunities

The percentage of actuals spent compared to the programme full year budget is 42%; this breaks down to Finance & Policy 25%, Workforce Leadership & Productivity - 35%, Communications - 51% and Organisational Governance - 55%; this could lead to a greater underspend at year-end.

Annex C: LGA Management Accounts

RAG Status Key	
G	Within 5% of budget
A	Between 5% - 10% of budget.
R	10% under /over budget

As at Period 7								
Description	Year to date			Full year			Commentary	RAG Status
	Budget YTD	Actuals YTD	Variance YTD	Budget Year	Forecast Outturn	Budget to Outturn Variance		
	2015/16 £000s	2015/16 £000s	2015/16 £000s	£000s	2015/16 £000s	2015/16 £000s		
INCOME:								
Subscription Income (Net of discounts)	(9,414)	(9,422)	(7)	(9,414)	(9,422)	(8)	Subscriptions slightly higher than expected estimated budget. 100% has been collected to date.	G
RSG Income	(13,448)	(13,637)	(189)	(22,832)	(22,832)	-	On-budget	G
Welsh RSG Income	(175)	(175)	(0)	(299)	(299)	-	On-budget	G
Income from Direct Services	(2,181)	(2,356)	(175)	(3,703)	(3,688)	15	The year-end variance are mainly due to an undercollection of negotiations subscriptions - £31k, NGDP - £27k and Peer Support - £45k off-set by: Inform plus - £46k, LG Support team - £15k, Research & Information - £10k, Communications - £12k and Political Offices - £5k.	G
Rental Income	(649)	(894)	(245)	(1,255)	(1,194)	61	In-year variance is timing difference. The year-end variance is due to Land Data and Telappliant leaving Layden House and Liberata leaving LGH.	G
Other Income	(74)	29	102	(130)	(234)	(104)	The year-end variance is mainly due to unbudgeted income within Legal Services, increased investments and room hire income.	G
Dividends	(750)	(750)	-	(1,500)	(1,750)	(250)	The year-end variance is due to the Geoplace monthly report indicates an increased dividend in 2015/16.	G
Total Core Income	(26,736)	(27,219)	(483)	(39,224)	(39,510)	(285)		

As at Period 7								
Description	Year to date			Full year			Commentary	RAG Status
	Budget YTD	Actuals YTD	Variance YTD	Budget Year	Forecast Outturn	Budget to Outturn Variance		
	2015/16 £000s	2015/16 £000s	2015/16 £000s	£000s	2015/16 £000s	2015/16 £000s		
EXPENDITURE:								
Core Employee Costs	9,188	9,256	68	15,203	14,779	(424)	In-year variance is due to redundancy payments not yet taken. Year-end variance is mainly within Local Government Support Team this could be used to fund a research project and recent vacancies in Communications.	G
Extra Employee Costs	-	47	47		600	600	Redundancy allowance - year to date expenditure will be offset against last year's provision. The year-end forecast is due to the recent restructure.	R
RSG payments to 3rd parties	1,671	1,046	(625)	1,671	1,671	-	On-budget	G
Programme Costs	5,866	3,918	(1,948)	10,557	10,126	(431)	The year-end variance is due to overspends: Political Offices - £5k, Productivity - £50k, LG inform - £36k and Improvement Support - £3k this is offset by an underspend in Finance & Policy - £96k, Negotiations - £39k, NGDP - £4k, Support for Councils at Risk - £50k, Leadership & Localism - £61k, Sector Led Body - £100k, Peer Support - £25k and Conference & Events - £150k.	G
Liberata/Brent Contract	1,423	(979)	(2,402)	2,143	1,473	(670)	The year-to-date variance is due to timing difference on invoices paid and received. The underspend is due to the agreed remaining charges between Liberata and future costs with Brent using the model set at 450 users.	G
Shared Services	(152)	2,628	2,780	(55)	(55)	-	In-year variance is timing difference. On-budget at year-end	R
Other running costs	1,928	1,286	(642)	5,095	3,574	(1,521)	The year-end underspend is due to: Savings from restructure - £1.7m, lower than expected consultancy costs in Business Management - £140k offset by Legal services - £14k, increased Corporate costs - £197k, Teckal set up costs - £11k and Commercial Activity - £38k	G
Property Costs	1,127	1,529	402	2,343	2,658	315	The overspend is made up of: Maintenance costs - £170k Local Government House and £554k Layden House.	R
Pensions - Past employees	490	(143)	(633)	940	940	-	On-budget	G
Pension Deficits Reduction Payments	-	1,278	1,278	2,433	2,433	-	On-budget	G
Total Core Expenditure	21,540	19,864	(1,676)	40,329	38,199	(2,131)		
NET CORE POSITION (Surplus) Deficit	(5,196)	(7,356)	(2,160)	1,105	(1,311)	(2,416)		

As at Period 7								
Description	Year to date			Full year			Commentary	RAG Status
	Budget YTD	Actuals YTD	Variance YTD	Budget Year	Forecast Outturn	Budget to Outturn Variance		
	2015/16 £000s	2015/16 £000s	2015/16 £000s	£000s	2015/16 £000s	2015/16 £000s		
Ring Fenced income	(5,254)	(7,770)	(2,516)	(10,182)	(12,439)	(2,257)	The year-end variance are mainly due to an increase in income from: Care & Health programmes - £1.23m, Yr2 for Open Data Release - £1m, Police Negotiations - £52k, Scottish Police Negotiations - £50k and Customer Led Transformation - £50k this is offset by Pensions - £121k.	G
Ring-fenced expenditure	6,184	7,153	969	10,182	12,439	2,257	As above	R
Ring-fenced overhead recovery	(623)	(719)	(97)	(1,105)	(1,250)	(145)		G
Net Ring Fenced Position	307	(1,336)	(1,643)	(1,105)	(1,250)	(145)		
NET LGA POSITION (Surplus) Deficit	(4,889)	(8,692)	(3,803)	-	(2,561)	(2,561)		