

**WEST MIDLANDS REGIONAL ASSEMBLY  
Board of Directors – 16<sup>th</sup> September 2005**

**FIRST QUARTER BUDGET & PERFORMANCE 2005-06  
(Report of the Chief Executive)**

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**1. Purpose of Report**

To report the results for April to June 2005-06 against budget as set out in Appendix A to this report.

This report also highlights any significant variations to the budget that have been identified in the first quarter analysis and proposes a number of virements as set out in the revised budget at Appendix B to this report.

**2. Recommendation**

- 2.1 That the Board **notes** the detail of the report and indicative savings on staffing.
- 2.2 That the Board **approves** the proposed virement of £42,000 from the Staff budget [WS10] to support other work strands as summarised below and detailed in the proposed revised budget at Appendix B.
  - [WS13] £29,000 of savings are committed to support increased Operational costs [3.2.2]
  - [WS29] £5,000 of savings are committed to support Planning Legal Expenses [3.2.4]
  - [WS32] £8,000 of savings from the European post be reallocated as a working budget for Europe [3.2.5]
- 2.3 That the Board note that this re-allocation of funds is best explained as a £21,000 saving on Planning salaries utilised to fund £21,000 of legal and planning related operational costs. The balance of the virements for Europe and Operational costs are being met from savings on other salary costs.

- 2.4 That the Board considers and agrees that the Assembly should aim to provide support of £5,000 for the 2012 London Olympics with a view to meeting this sum from any further savings identified later in the year [3.2.3].

### 3. Background

This year the Assembly is only required to submit two budget reports to ODPM at six monthly intervals. However a quarterly financial report is still produced to assist in budget and performance management.

The first quarter report is an early guide to progress but already highlights some key changes in 'actual' compared to 'budget' estimates, which are outlined in the body of this report.

#### 3.1 INCOME:

##### 3.1.1 Advantage West Midlands

Advantage West Midlands has indicated that their commitment to RTPP funding will not be the £150,000 as budgeted, but that they aim to match the Assembly's expenditure on transport budgeted at £89,500.

##### 3.1.2 Forestry / Health / Energy

The income figures shown in quarter 1 are the final balance of funds (post year end audit) carried forward from 2004-05 to support these distinct work areas.

The Assembly budget estimated a level of funding available for this work. However at the end of the first quarter we are able to report the following amended budgets as follows.

	Budget 2005-06	Balance c/f 04-05	2005-06 Income	New Budget 2005-06
1. Forestry	£45,000	£25,498	£35,500	£60,998
2. Health	£38,000	£42,306	£16,660	£58,966
3. Energy	£100,000	£96,412	£135,000	£231,412

1. In 2005-06 a further £17,500 will be provided by the Forestry Commission for this project. However, following the departure of the GOWM officer from the Rural Accord team,

discussions have taken place to agree a temporary arrangement for the Forestry Policy Officer to provide support to both Forestry and Rural Accord work strands. Rural Accord is therefore contributing around £18,000 to the Forestry budget to enable the contract for this post to be extended to the end of May 2006.

2. Department of Health balance carried forward included an additional £10,000 to fund the Citizens Conference. In 2005-06 a further contribution of £16,660 will be made to enable the contract for the Health Policy Officer post to be extended to December 2006.
3. Energy West Midlands are committed to spending their 2004-05 balance in the first half of the year before claiming the 2005-06 funding allocation of a further £100,000. They have also won a contribution of £35,000 from Energy Savings Trust to support the Sustainable Housing Action Programme.

### 3.1.3 Other Income

There were additional balances carried forward from 2004-05 for project activity that is being managed via the Assembly but was not completed last year.

- Waste Strategy £ 6,507
- Housing Events £15,697

The following income was received in the first quarter but was not in the Assembly budget estimates.

- GOWM contribution to Strategic Review £2,500
- Bank Interest £45

## **3.2 EXPENDITURE:**

### 3.2.1 Staffing

An analysis of actual and predicted variations on staffing costs to budget produced an indicative saving on salaries of around £52,000 in the year. We set the budget with a predicted £10,000 saving which has been met, with a further £42,000 of savings available to support other activities. These savings represent £21,000 on planning posts and £31,000 on other posts.

The savings are a result of the following variations to budgeted establishment;

- Senior Advisor Europe – six month lagging and post occupied on PTE 4 days
- Planning Support Officer – this post was amended to a Regional Support Officer post (lower scp value) and also had a three month recruitment lag
- New Planning Technician – post set at lower scp value
- New Strategic Advisor Planning – post changed to Senior Advisor RSS at a lower scp value and occupied on PTE 4 days
- Communications Manager – one month lagging and post occupied on PTE 4 days

It is recommended that these identified savings are utilised to support other work strands within the budget where an additional financial resource has already been identified.

### 3.2.2 Operational

This budget line encompasses all of the operational costs for the Assembly not provided for under the SLA and support arrangements with WMLGA.

Operational expenditure is already under significant pressure due to the following;

Insurance – a full review of insurance provision was undertaken for 2005-06 resulting in a transfer of insurance cover to Zurich Municipal for all of the Assembly and WMLGA requirements. The 2005-06 budget included a nominal figure of £4,000 for insurance, but the very specific requirements on professional indemnity for planning activities and the trustees, directors and officers cover will result in an insurance bill for the Assembly of around £16,000 from Zurich.

ERN Fees – the budget included income of £15,000 under an SLA with ERN but did not include any direct costs. However there will be a charge from WMLGA for services provided under the SLA with the Assembly for employment management fees for the Secretary and office services for the ERN support officer based at WMLGA. This cost will be in the region of £4,780 and is not provided for in the original budget.

General Trimming – in order to meet the ODPM clawback of £6,000 from each Assembly budget and to accommodate final stage trimming a total of £9,000 was trimmed from an original budget of £114,000 which will be very difficult to deliver in practice.

Legal Fees – an additional fee of £2,000 is anticipated from Eversheds for the completion of work on the Articles of Association and planning probity training.

In summary, at this stage indications are that the Operational budget of £105,200 is more likely to come in at around a total of £134,000 requiring a top-up of around £29,000 from other budget savings.

### 3.2.3 2012 London Olympics

The Assembly made a contribution of £5,000 in 2004-05 and whilst we are providing a good deal of in-kind support this year, the Board may also wish to provide a cash contribution of £5,000 for 2005-06. Whilst we utilised all savings identified in the first quarter to meet known additional costs on the Assembly, the Board may wish to give priority to providing support to 2012 from any further savings identified later in the financial year.

### 3.2.4 Planning Legal Expenses

The ODPM funding did not allow for us to set aside a budget for legal costs at the outset, but a fee for a legal opinion in respect of the Bridgnorth District Local Plan will appear in our budget report for quarter two. It is therefore suggested that a sum of £5,000 be vired from savings to meet legal expenses.

### 3.2.5 Europe & International Policy

A subscription to West Midlands in Europe utilises most of this budget. The Assembly has also committed a £1,000 contribution to the Committee of the Regions Extraordinary Bureau meeting in September which will utilise the balance of this budget for 2005-06. It is therefore recommended that £8,000 of savings from the staffing budget of (directly related to the appointment of the Senior Adviser Europe in a part time 4 day p/w capacity and lagging savings) be vired to the European work strand to provide additional working budget and to support increased travel costs of WMiE in supporting the Assembly during the first half of the year when the European post was vacant.

## **4. Efficiencies and Future Finances**

### **4.1 Efficiency Savings**

The Assembly and WMLGA are jointly reviewing corporate activities with a view to making efficiency savings. This process will include such approaches as a communications audit, financial review, and job evaluation.

The process also includes a cost accounting approach to assessing the true cost of the various elements of the organisations. Whilst there is an assumption that WMLGA contributes £250,000 in-kind to support Assembly activity, this process has indicated that in 2005-06 this figure is likely to be £275,000.

WMLGA and its constituent authorities are under considerable pressure, and due to the efficiency savings local authorities are required to make, WMLGA needs to contain its financial call upon authorities. Therefore, collectively the Assembly and WMLGA are looking at opportunities to reduce corporate expenditure.

### **4.2 Black Country Study**

The Assembly recently submitted a separate bid to ODPM for an additional £120,000 for work required to ensure the impact of the closure of MG Rover is fully incorporated within the Black Country Study - WM RSS Revision Phase 1. This bid was successful and a more detailed report will be submitted to the next Board meeting.

### **4.3 Members Allowances**

An Independent Remuneration Panel was convened by WMLGA to assist in the development of a Members Allowances Scheme and as a result the Board agreed a budget of £10,000. The current position is that the Assembly and WMLGA now have a joint chairman and as such are sharing the cost of this allowance equally. However the IRP are being asked to reconvene to review the value of an allowance paid to a 'joint' chairman and to make recommendations to the Assembly for a wider travel allowances scheme as requested by the Board at their meeting on 7 January 2005. This budget will therefore also be utilised to meet cost of the IRP in providing this service.

**Trudi Elliott**  
**Chief Executive**  
**WMRA**

**APPENDIX A**

**West Midlands Regional Assembly  
Income & Expenditure for April–June Quarter 1 2005-06**

<b><u>INCOME</u></b>	<b>WS</b>	<b>05-06 Budget</b>	<b>Qtr 1 Actual</b>	<b>%</b>	<b>Budget Balance</b>
ODPM as last year	1	2,065,000	1,017,760	49	1,047,240
ODPM for Black Country Study	2	0	0		0
ODPM cost of Housing Board	3	0	0		0
Advantage West Midlands	4	2,500	2,500	100	0
Advantage West Midlands	5	150,000	0	0	150,000
Forestry Commission	6	45,000	25,498	57	19,502
Department of Health	7	38,000	42,306	111	-4,306
English Regions Network	8	15,000	0	0	15,000
Energy Office (DTI)	9	100,000	96,412	96	3,588
Other Project Income		0	24,749		-24,749
<b>Total</b>		<b>2,415,500</b>	<b>1,209,225</b>	50	1,206,275
<b><u>EXPENDITURE</u></b>					
<b>Corporate</b>					
Staffing	10	1,077,950	247,243	23	830,707
Staff Training (CPD)	11	10,000	0	0	10,000
Members Allowance	12	10,000	0	0	10,000
Operational	13	105,200	22,858	22	82,342
Communications	14	55,000	12,318	22	42,682
<i>Sub Total</i>		<i>1,258,150</i>	<i>282,419</i>	22	<i>975,731</i>
<b>Planning, Housing &amp; Transport</b>					
Implementation	15	20,000	948	5	19,052
Monitoring	16	113,500	10,050	9	103,450
Conformity	17	25,000	735	3	24,265
Review (Comms/ Involvement)	18	20,000	6	0	19,994
Urban & Rural Renaissance	19	67,000	74	0	66,926
Partnering/Participation	20	30,000	15,000	50	15,000
Black Country Study	21	165,000		0	165,000
Transport	22	89,500	154	0	89,346
RTPP	23	150,000		0	150,000
Housing	24	20,000	7,224	36	12,776

Housing Board	25	0			
Environment	26	49,500	457	1	49,043
Sustainable Development	27	65,000		0	65,000
Economy	28	39,000		0	39,000
Legal Expenses	29	0			
<i>Sub Total</i>		<i>853,500</i>	<i>34,648</i>	<i>4</i>	<i>818,852</i>
<b>Strategic Review</b>	30	50,427	4,344	9	46,083
<b>Policy Integration &amp; Development</b>					
Health	31	48,423	10,709	22	37,714
Europe & International Policy	32	10,000	9,024	90	976
Social Inclusion	33	10,000		0	10,000
Culture & Skills	34	5,000		0	5,000
Rural	35	10,000	2,203	22	7,797
WMRO State of Region	36	25,000	0	0	25,000
<i>Sub Total</i>		<i>108,423</i>	<i>21,936</i>	<i>20</i>	<i>86,487</i>
<b>Other Activities</b>					
Forestry	37	45,000	11,113	25	33,887
Regional Energy	38	100,000	4,631	5	95,369
<i>Sub Total</i>		<i>145,000</i>	<i>15,744</i>	<i>11</i>	<i>129,256</i>
<b>Total</b>		<b>2,415,500</b>	<b>359,091</b>	<b>15</b>	<b>2,056,409</b>

**APPENDIX B**

**West Midlands Regional Assembly  
Quarter 1 Revised Budget with Proposed Virements**

<b><u>INCOME</u></b>	<b>WS</b>	<b>05-06 Budget</b>	<b>Qtr 1 Virements</b>	<b>Adjusted Budget</b>
ODPM	1	2,065,000		2,065,000
ODPM for Black Country Study	2	0		0
ODPM cost of Housing Board	3	0		0
Advantage West Midlands	4	2,500		2,500
Advantage West Midlands	5	150,000		150,000
Forestry Commission	*6	45,000		60,998
Department of Health	*7	38,000		58,966
English Regions Network	8	15,000		15,000
Energy Office (DTI)	*9	100,000		231,412
Other Project Income		0		0
<b>Total</b>		<b>2,415,500</b>	<b>0</b>	<b>2,583,876</b>
<b><u>EXPENDITURE</u></b>				
<b>Corporate</b>				
Staffing	10	1,077,950	-42,000	1,035,950
Staff Training (CPD)	11	10,000		10,000
Members Allowance	12	10,000		10,000
Operational	13	105,200	29,000	134,200
Communications	14	55,000		55,000
<i>Sub Total</i>		<i>1,258,150</i>	<i>-13,000</i>	<i>1,245,150</i>
<b>Planning, Housing &amp; Transport</b>				
Implementation	15	20,000		20,000
Monitoring	16	113,500		113,500
Conformity	17	25,000		25,000
Review (Comms/Involvement)	18	20,000		20,000
Urban & Rural Renaissance	19	67,000		67,000
Partnering/Participation	20	30,000		30,000
Black Country Study	21	165,000		165,000
Transport	22	89,500		89,500
RTPP	23	150,000		150,000
Housing	24	20,000		20,000
Housing Board	25	0		0
Environment	26	49,500		49,500

Sustainable Development	27	65,000		65,000
Economy	28	39,000		39,000
Legal Expenses	29	0	5,000	5,000
<i>Sub Total</i>		<i>853,500</i>	<i>5,000</i>	<i>858,500</i>
<b>Strategic Review</b>	30	50,427		50,427
<b>Policy Integration &amp; Development</b>				
Health	*31	48,423		69,389
Europe & International Policy	32	10,000	8,000	18,000
Social Inclusion	33	10,000		10,000
Culture & Skills	34	5,000		5,000
Rural	35	10,000		10,000
WMRO State of Region	36	25,000		25,000
<i>Sub Total</i>		<i>108,423</i>	<i>8,000</i>	<i>137,389</i>
<b>Other Activities</b>				
Forestry	*37	45,000		60,998
Regional Energy	*38	100,000		231,412
<i>Sub Total</i>		<i>145,000</i>	<i>0</i>	<i>292,410</i>
<b>Total</b>		<b>2,415,500</b>	<b>0</b>	<b>2,583,876</b>

Notes:

- [1] Virements as recommended in main report at [2.2].  
[2] \*Values adjusted to new income levels and matched expenditure as detailed in the main report at [3.1.2].