

AGENDA ITEM 7

WELSH PURCHASING CONSORTIUM

MANAGEMENT BOARD

4th FEBRUARY 2014

REPORT OF THE TREASURER - BUDGET MONITORING 2013/14

Background

1. In 2008 the member authorities of the Welsh Purchasing Consortium agreed to provide funding over a three year period to support the setting up and operation of a central management team to be based in Cardiff Council. Since then, all sixteen member authorities have agreed to give twelve months notice of an intention to leave the consortium and on this basis funding is currently guaranteed to 31st March 2014.
2. During 2013/14, Wrexham, Flintshire and Denbighshire joined the consortium, thus increasing member authorities to nineteen. Wales Probation Trust also joined as an associate member, increasing numbers to six.
3. This report presents the financial monitoring position for 2013/14 based on the first nine months of the financial year and the proposed budget options for 2014/15, as set out in the monitoring statement attached as Appendix A.

Budget Monitoring 2013/14 – Month 9

1. The total expenditure budget for 2013/14 is £227,000 and provides funding for the three posts within the central management team. The employee budget is projecting an underspend of £24,000 due to the vacant post which is expected to be filled from 20th January 2014.
2. The office relocated to Carmarthen from 1st October 2013 and subsequent savings of £4,500 on rents are partly offset by projected utility costs. Overall, this budget is projecting an underspend of £2,000.
3. Supplies and services budgets are projecting an overspend of £25,000. This projection includes £30,000 for an upgrade to the WPC Contracting Management System and £1,000 for office relocation costs, partly offset by savings of £5,000 on consultancy and legal advice budgets and IT software.
4. An underspend of £5,000 is projected for transport costs whilst all other expenditure heads are projected to spend to budget.
5. The income budget for 2013/14 is £227,000 based on a contribution of £13,500 from each member authority and contributions totalling

£11,000 from the five associate members. However, since the budget was set, 3 new members and one associate member have joined and their contributions were calculated on a pro rate basis. The revised income projection is £244,000.

6. The projected surplus for the year is £22,775 giving an estimated balance on the reserve at 31st March 2014 of £372,900.

Proposed Budget 2014/15

7. The Consortium has achieved a surplus in previous financial years and is projected to do so again in the current financial year. The proposed budget is in line with that of previous years, so that expenditure is fully funded from contributions from member authorities.
8. The total proposed expenditure budget is £224,000. This reflects an increase in the employee budget to allow for increases in pay and employers' Superannuation and National Insurance contributions and the revised rental costs following the relocation of the offices.
9. Contributions from members are currently £13,500, giving a total income budget of £270,000. This provides for a budgeted contribution to the reserve at the year end of £46,000.
10. The balance on the reserve as at 31st March 2015 is projected to be £418,900. Consideration will need to be given as to how this reserve will be utilised in future years.
11. Consideration will also need to be given as to whether member contributions should be reduced as a result of the financial pressures being faced by Councils following the announcement of the Local Government Final Settlement from the Welsh Government in December 2013. Note needs to be taken of the current reserve balance and projected surplus for 2014/15.
12. To recognise the financial challenge Committee could decide to reduce the contributions by 10% for 2014/15 which would reduce the budgeted contribution to the reserve to £19,000.

Recommendations

1. That the Consortium note the monitoring position as at month 9.
2. That the WPC Management Board decide whether to reduce the contribution rate for 2014/15 by 10% and to approve the consequential budget for 2014/15.

Christine Salter
Corporate Director, Resources
Cardiff Council

Welsh Purchasing Consortium
Monitoring Position as at 31st December 2013

Appendix A

Contributions
reduced by
10%

Actual 2012/13		Budget 2013/14	Projected 2013/14	Variance 2013/14	Budget 2014/15	Budget 2014/15
£		£	£	£	£	£
	Employees					
85,365	Manager	87,000	85,950	-1,050	87,000	87,000
79,432	Procurement Specialist & Support Officers	80,000	58,250	-21,750	81,000	81,000
175	Other Employee expenses (Training, Insurance)	1,000	150	-850	1,000	1,000
164,972		168,000	144,350	-23,650	169,000	169,000
	Premises					
18,000	Rents & Utilities	18,000	16,000	-2,000	14,000	14,000
18,000		18,000	16,000	-2,000	14,000	14,000
	Transport					
2,680	Car Mileage and travelling expenses	8,000	3,000	-5,000	8,000	8,000
2,680		8,000	3,000	-5,000	8,000	8,000
	Supplies & Services					
2,851	IT Hardware & Software	5,000	34,000	29,000	5,000	5,000
12,541	Consultancy & Legal Advice	7,000	2,000	-5,000	7,000	7,000
2,445	Other Supplies & Services	3,000	4,000	1,000	3,000	3,000
17,837		15,000	40,000	25,000	15,000	15,000
	Support					
12,528	Central Support Charge: Prof, IT, Payroll, etc	18,000	18,000	0	18,000	18,000
12,528		18,000	18,000	0	18,000	18,000
216,017	Total Expenditure	227,000	221,350	-5,650	224,000	224,000
	Income					
-238,272	Full Members	-216,000	-230,625	-14,625	-256,500	-230,850
-11,000	Associate Members	-11,000	-13,500	-2,500	-13,500	-12,150
-249,272	Total Income	-227,000	-244,125	-17,125	-270,000	-243,000
-132	Transfer to Accumulated Absences account	0	0	0	0	0
-33,387	Net Expenditure (income)	0	-22,775	-22,775	-46,000	-19,000

Balance on the Reserve

Balance Brought Forward 1st April 2013	350,079
Projected Surplus for 2013/14	22,775
Estimated balance on reserve at 31st March 2014	<u><u>372,854</u></u>

Budgeted surplus for 2014/15	-46,000
Estimated balance on reserve at 31st March 2015	<u><u>418,854</u></u>

	-19,000
	<u><u>391,854</u></u>

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