



REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE AND PERFORMANCE MANAGEMENT

Date of Meeting: 24 September 2007

Public

Key Decision: No

Recorded in Forward Plan:

No

Inside Policy Framework

**Title: REVENUE BUDGET OVERVIEW AND MONITORING REPORT:
APRIL TO JULY 2007**

Report of: THE DIRECTOR OF CORPORATE SERVICES

Report reference: CORP40/07

Summary:

This report provides an overview of the Council's overall budgetary position for the period April to July 2007 for revenue schemes only. Progress against the annual Capital Programme is subject to a separate report, which is considered elsewhere on the agenda. The revenue report includes details of balance sheet management issues, high-risk budgets, performance management, and progress against the Gershon efficiency statement.

Recommendations:

The Executive is asked to:

- (i) Note the contents of the report.
- (ii) Note the actual efficiency savings being achieved against the targets set.

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

CITY OF CARLISLE

To: The Executive
24 September 2007

CORP40/07

REVENUE BUDGET OVERVIEW AND MONITORING REPORT APRIL TO JULY 2007

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 In accordance with the City Council's Financial Procedure Rules, the Director of Corporate Services is required to report to the Executive on the overall budget position, the monitoring and control of expenditure against budget allocations and the exercise of virement on a regular basis. However, it is the responsibility of Directors to control income and expenditure within their service areas and to monitor performance, taking account of financial information provided by the Director of Corporate Services.
- 1.2 All Managers currently receive a monthly budget monitoring report covering their areas of responsibility. Information is collated from the main accounting system and then adjusted to correct any known budget profiling trends, timing differences and commitments. The report has been developed in line with the need to provide sound financial management information to inform the decision making process, which is also a requirement of the Use of Resources assessment.
- 1.2 Throughout the report, the use of brackets indicates a credit or income budget, and the term underspend also relates to additional income generated.
- 1.3 Figures contained within this report show the position to date. Forecasts for the year end position are not generally included at this stage in the year, although some projections are included for specific areas. It is anticipated that year-end forecasts will be included in the next quarterly report.

2. REVENUE BUDGET OVERVIEW

- 2.1 The following statement shows the total revenue budget as at July 2007:

| 2007/08 Revenue Budget | £ |
|--|-------------------|
| Approved Budget (Council resolution – February 2007) | 16,684,800 |
| Carry forward requests (2006/07 out-turn) | 1,316,700 |
| Adjustment for Carlisle Leisure Ltd (paragraph 2.2) | (5,000) |
| Revised Budget 2007/08 | 17,996,500 |

- 2.2 The Council approved a supplementary estimate of £30,000 in July to provide additional capital funding for the Bitts Park Airdome. As part of the agreement, the payments made to Carlisle Leisure Ltd by the Council for management services have been reduced by £10,000 per year, but £5,000 of this is to be used for the delivery of Tennis Development opportunities. Consequently, £5,000 has been returned to reserves and reduces the overall revenue budget for 2007/08.

3. 2007/08 BUDGET MONITORING

- 3.1 The 'real' significant underspends and overspends, including shortfalls or increases in income arising as set out in paragraphs 4 and 5 will be considered as part of the Budget Process now underway.

- 3.2 The summarised budgetary position as at July 2007 is shown below:

| Directorate | Annual Net Budget £ | Net Budget to date £ | Net Expenditure to date £ | Adjusted Variance £ | Note |
|--|------------------------------|-------------------------------|------------------------------------|---------------------------|------|
| Carlisle Renaissance | 514,000 | 122,875 | 88,548 | (34,327) | |
| Community Services | 11,559,500 | 4,459,164 | 4,331,397 | (127,767) | 4.2 |
| Corporate Services | 2,648,200 | 1,485,325 | 1,521,261 | 35,936 | 4.3 |
| Development Services | 114,600 | (471,746) | (447,390) | 24,356 | 4.4 |
| Legal & Democratic Services | 2,207,000 | 485,702 | 454,991 | (30,711) | |
| People, Policy & Performance Services | 953,200 | 806,461 | 762,669 | (43,792) | |
| Total | 17,996,500 | 6,887,781 | 6,711,476 | (176,305) | |

- 3.3 Further details for each Directorate can be found in **Appendices A1- A6**. Each appendix shows a breakdown of the variance for that Directorate, with comments from the Director and a note of any performance issues.
- 3.4 Potential carry forwards to 2008/09 for revenue schemes are still being assessed in conjunction with budget holders.
- 3.5 The Council has received notification that it will receive a further £143,000 in 2007/08 relating to the second year of the LABGI scheme. This amount will be transferred into Council reserves and may be allocated in accordance with Council priorities.

- 3.6 The Council can normally recover input VAT paid on any revenue and capital expenditure it incurs during the year. However any VAT incurred on exempt activities, as determined by the VAT Act 1994, is limited to 5% of the total input tax incurred by the Authority. It has previously been brought to the attention of the Council that due to the increased proportion of expenditure on exempt activities there is a risk that the 5% limit will be breached if action is not taken. It should be noted that all of the exempt input VAT is at risk and not just the element which exceeds the 5% limit. This could amount to approximately £200,000. Thus the proposal to charge VAT to tenants for rents on the land and property as recently agreed by the Executive will result in expenditure on those areas being classified as standard rated from 1 September and will therefore not count against the 5% limit. **However it is important to ensure the level of expenditure incurred during the remainder of the year is in line with current approved revenue and capital budgets.** Significant underspends will reduce the base level of input tax upon which the 5% limit is calculated and increase the risk of the 5% limit being breached.

4. KEY ISSUES

- 4.1 The Salary Turnover Savings budget is a corporate target for the Council. It is held within the Corporate Services directorate and savings from salary budgets across the authority are measured and then transferred to it. At the moment no transfer has been made against the four month target of £192,000 set out in Appendix A3, hence the deficit showing. Further more recent work has been carried out on this however.

The full year target for 2007/08 is £575,000. The target for April to August (five months) is £239,000. Underspends to 31 August on salaries budgets total approximately £319,000 of which £239,000 will be transferred to the corporate target budget. The particular service headings that are used will be agreed with the Service Heads prior to the transfers. In the absence of that information being provided a pro rata transfer of the underspend to date will be made. Members are reminded that the pay award for 2007/08 has not yet been agreed although 3% has been included in the budgets. The backpay and the actual % increase finally agreed will affect expenditure on salaries and will reduce the underspend achieved to date.

- 4.2 The main variances in the **Community Services Directorate** which are not due to profiling or the allocation of grants being held are as follows:
- £53,000 overspend on Civic Centre Accommodation, mainly due to the increase in NNDR which has not been budgeted for;
 - £32,900 overspend on Recycling and Waste Management due to higher agency staff and vehicle costs than budgeted for. This is under review following the introduction of alternate weekly collections and some funding may be available

from the County. The £69,000 per annum projected savings originally anticipated by the Service and included in the revenue budgets for 2008/09 onwards are not likely to be achieved. A full review will be undertaken as part of the budget process;

- £37,000 on Buildings Maintenance overspend is mainly due to a shortfall against the external income budget;
- Variations on income are set out in section 5 below.

4.3 The main variances in **Corporate Services** are as follows:

- £192,000 'overspend' relating to the corporate Staff Turnover target budget is held here (explained in 4.1 above).
- £31,000 underspend for the Welfare Take Up campaign due to income received but not as yet allocated;
- £98,000 underspend on Benefit Payments & Subsidy due to the difficulty of profiling 4 and 5 week months (tiny in comparison to the gross budget of £19m);
- £35,000 underspend for Recovery due to additional income.

4.4 The main variances in **Development Services** are as follows:

- £128,000 overspend in Planning Management mostly due to the Tesco Planning Inquiry which is likely to increase before the year end. A report will be presented to a future Executive detailing the full costs of the Inquiry and proposed funding;
- £49,000 overspend in Industrial Estates mainly due to shortfalls in income;
- £50,000 overspend in Corporate Properties mainly due to the shortfall in income for the Civic Centre (see para. 5.5 below).

5. HIGH RISK BUDGETS

5.1 A number of high-risk budgets have been identified which require detailed monitoring throughout the year. These include income, budgets carried forward from last year, and recurring and non-recurring bids approved in the 2007/08 Council Resolution.

5.2 The position of income budgets deemed to be high risk can be summarised as follows:

| Budget Area | Annual Budget | Budget to date | Actual to date | Variance | Note |
|----------------------|---------------|----------------|----------------|----------|------|
| Car parking | (1,574,500) | (650,149) | (562,608) | 87,541 | 5.3 |
| Bereavement Services | (987,700) | (328,306) | (288,114) | 40,192 | 5.4 |
| Civic Centre | (100,000) | 0 | 0 | 0 | 5.5 |
| Talkin Tarn parking | (26,600) | (8,874) | 0 | 8,874 | 5.6 |
| Development Control | (538,500) | (178,744) | (148,838) | 29,906 | 5.7 |

| | | | | | |
|--------------|-----------|----------|----------|--------|-----|
| Tullie House | (101,800) | (33,960) | (22,362) | 11,598 | 5.8 |
|--------------|-----------|----------|----------|--------|-----|

- 5.3 Following the pattern of previous years, the income generated from penalty charge notices and car park ticket sales continue to decline. The annual budget for 2007/08 was reduced to take account of that trend by £180,000, and the 2007/08 target of £1.57m represented a more realistic level in the light of actuals in previous years. However for the period April to July 2007 the income actually generated has fallen short of the profiled target. The year-end shortfall is projected to be £40,000 (worst case) at this stage. The situation is being monitored to assess whether any shortfall in 2007/08 can be met from within existing budgets. As mentioned the charges review will more fully consider the implications for future years' prices and budgets.
- 5.4 Income from Bereavement Services is below budget as at July. The current shortfall is £40,200, due to a lower death rate than that incorporated in the income estimate. The position is closely monitored and the charges review will more fully consider the implications as above.
- 5.5 A budget of £100,000 is included within Property Services for 2007/08 for letting income. This was set in anticipation of attracting third parties to rent space within the Civic Centre for 2007/08. Currently there has been no take up of this facility and it is unlikely that this income target will be achieved. This will be addressed as part of the budget process and added to the potential issues items.
- 5.6 A revised set of car park charges for Talkin Tarn was considered by the Executive at its meeting on 22nd January 2007. The current budget, however, is still based on the original business plan and it was agreed that the budget position would be closely monitored during the year. Actual charges for the Tarn were not implemented until early August this year. It makes it very likely that the year end target of £26,600 will not be met. Again this will be considered as part of the budget process.
- 5.7 Although the position for Development Control shows a shortfall of £29,906, income is not received equally across the year, and one-off large receipts can distort projections. The year-end position is expected to be an improvement on this figure.
- 5.8 Income for Tullie House has consistently been lower than the level budgeted and this continues in 2007/08. It is unlikely that the annual budget will be achieved with the current price structure. When raised as a budget issue previously the service was asked to meet from within existing budgets. It has been raised as an issue again this year.

- 5.9 Additional funding of £145,000 was approved as a non-recurring spending pressure for 2007/08 for Concessionary Fares to cover increased ridership (which is now projected at 58.5% instead of 30%), giving a total budget of £1,919,600. The year end position is forecast to be overspent by £138,000 (worst case scenario) due to Stagecoach withdrawing from the fixed price agreement from 1st December 2007.

6. USE OF RESOURCES IMPROVEMENTS

6.1 Balance Sheet Management

In line with CIPFA guidance and good practice, information relating to significant items on the Council's balance sheet is shown below. The information concentrates on those items that may have a material impact on the Council if not reviewed on a regular basis.

| Balance Sheet item | Balance at 31/3/07 | Balance at 31/7/07 | Note |
|--------------------|--------------------|--------------------|-------|
| Investments | £25.2m | £30.6m | (i) |
| Loans | £15.1m | £15.1m | (ii) |
| Debtors | £ 1.8m | £ 2.3m | (iii) |
| Creditors | £ 1.3m | £ 1.2m | |

- (i) The anticipated return on these investments is estimated at £1,674,300 for 2007/08 with current projections slightly ahead of the budget.
- (ii) The cost of managing this debt, in terms of interest payable, is budgeted at £1,324,200 in 2007/08 with costs currently on target. There are no proposals for further borrowing during 2007/08, although this will be kept under review.
- (iii) There may be a significant impact on the cash-flow of the Council if outstanding debts are not received. Any debts deemed to be irrecoverable are written off against a bad debt provision set up specifically for this purpose. Other significant debts relate to Council Tax and NNDR.
- (iv) Use of reserves
The usage and level of all Council reserves are set out in the Medium Term Financial Plan (CORP 18/07), approved by full Council in July. It is anticipated that £1.9m will be required from the Council's Revenue Reserves to fund revenue expenditure in 2007/08 (including £1.3m of 2006/07 carry forwards). Any under or overspend at the year end will adjust the balance transferred to or from the reserve.

6.2 Priorities and Performance

- (i) It has been recognised that there is a need to link performance and the budget position, with a view in the longer term to allocating resources to the Council's priorities (Cleaner Greener and Safer, and the Learning City). This information will be used to inform the 2008/09 budget process by re-directing resources where necessary to deliver the Council's priorities. The Corporate Improvement Plan now incorporates financial information analysed by priority for both revenue and capital schemes. Work is continuing to develop the links between performance, financial reporting and Council priorities and this section of the report represents the first step towards this improved reporting regime.
- (ii) The Executive considered Corporate Performance Monitoring Reports for the first quarter of 2007/08 at its meeting on 30 July 2007. **Appendix B** below sets out the financial position of the particular budgets that provide resources to deliver services, which have been included as being worthy of comment within the Performance Monitoring Report.

6.3 Gershon Efficiency Savings Action Plan Monitoring

- (i) All Local Authorities have been set an annual efficiency target based on 2.5% of their 2004/05 baseline, and a target for cashable efficiency gains each year based on 1.25% of their 2004/05 baseline. Thus, by the end of 2007/08, each Authority should have achieved total efficiency gains equal to or greater than 7.5% of their baseline and cashable gains of at least 3.75%.
- (ii) The total target for the City Council is £1.4m and the current expectation is that £1.8m will be achieved. **Appendix C** below reports the specific efficiency items identified to date by Carlisle City Council, giving particular reference to the 2007/08 Efficiency Measures.

8 CONSULTATION

8.1 Consultation to Date.

SMT have considered the issues raised in this report.

8.2 Consultation proposed.

Corporate Resources Overview & Scrutiny Committee will consider the report on 18th October 2007.

9 RECOMMENDATIONS

The Executive is asked to:

- (i) Note the contents of the report.
- (ii) Note the actual efficiency savings being achieved against the targets set

10 REASONS FOR RECOMMENDATIONS

To show that the Executive has been informed of the Council's actual financial position compared with the budgeted position and to bring to their attention any areas of concern.

11 IMPLICATIONS

- Staffing/Resources – Not applicable.
- Financial – Contained within the main body of the report.
- Legal – Not applicable.
- Corporate – SMT have been involved in the preparation of this report.
- Risk Management – Included in the report above.
- Equality Issues – Not applicable.
- Environmental – Not applicable.
- Crime and Disorder – Not applicable.

ANGELA BROWN
Director of Corporate Services

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CARLISLE RENAISSANCE**Position as at 31 July 2007**

| | Gross Expenditure £ | Gross Income £ | Recharges £ | Total £ |
|----------------|------------------------------------|-------------------------------|------------------------|--------------------|
| Annual Budget | 363,100 | 0 | 150,900 | 514,000 |
| Budget to date | 122,875 | 0 | 0 | 122,875 |
| Total Actual | 88,548 | 0 | 0 | 88,548 |
| Variance | (34,327) | 0 | 0 | (34,327) |

Analysis of Variances

| Service | Note | Expenditure Variance £ | Income Variance £ | Total Variance £ |
|-------------------------------|-------------|---------------------------------------|----------------------------------|---------------------------------|
| General Expenses | 1 | (24,910) | | (24,910) |
| Miscellaneous variances | | (9,417) | | (9,417) |
| Total Variance to date | | (34,327) | 0 | (34,327) |

Director's comments

Carlisle Renaissance was awarded a ringfenced budget of £340,000 over three years, beginning in 2005/06 which will be rolled forward to future years if not spent

1. Budgets still to allocate.

COMMUNITY SERVICES**Position as at 31 July 2007**

| | Gross Expenditure £ | Gross Income £ | Recharges £ | Total £ |
|----------------|---------------------------|----------------------|------------------|-------------------|
| Annual Budget | 28,795,900 | (8,138,300) | (9,050,600) | 11,607,000 |
| Budget to date | 8,215,883 | (2,863,797) | (892,922) | 4,459,164 |
| Total Actual | 8,420,470 | (2,849,360) | (1,239,713) | 4,331,397 |
| Variance | 204,587 | 14,437 | (346,791) | (127,767) |

Analysis of Variances

| Service | Note | Expenditure Variance £ | Income Variance £ | Total Variance £ |
|----------------------------------|------|------------------------------|-------------------------|------------------------|
| Building & Facilities Management | 1 | (24,901) | 0 | (24,901) |
| Support Services | 2 | (16,647) | 0 | (16,647) |
| Civic Centre Accommodation | 3 | 41,901 | 11,116 | 53,017 |
| Building Maintenance | 4 | 644 | 36,813 | 37,457 |
| Bereavement Services | 5 | (21,696) | 40,192 | 18,496 |
| Environmental Quality | 6 | (26,494) | 6,775 | (19,719) |
| Green Spaces Management | 7 | (42,872) | (6,907) | (49,779) |
| Highways Management | 8 | (23,857) | 0 | (23,857) |
| Highways Claimed Rights | 9 | (59,461) | 28,241 | (31,220) |
| Car Parking | 10 | 13,914 | 118,075 | 131,989 |
| Recycling & Waste Management | 11 | 135,596 | (102,694) | 32,902 |
| Tullie House | 12 | 13,864 | (107,521) | (93,657) |
| Sports Development | 13 | (14,456) | (31,962) | (46,418) |
| Pools/Sands/Outdoor Recreation | 14 | (22,377) | (4,742) | (27,119) |
| Community Support | 15 | (3,869) | (23,762) | (27,631) |
| Community Centres | 16 | (23,812) | (1,334) | (25,146) |
| Miscellaneous variances | | (67,681) | 52,147 | (15,534) |
| Total Variance to date | | (142,204) | 14,437 | (127,767) |

Director's Comments

1. Underspend in employee costs due to vacancy and recharges to capital projects.
2. Underspend in employee costs due to vacancy.
3. Increase in NNDR charges.
4. Reduction in external income achieved.
5. Shortfall in income - lower death rates than estimated.
6. Budgets for Clean Neighbourhood Act carried forward from 2006/07 - need to be allocated.
7. Underspends on play equipment and parks development due to profiling.
8. Underspend in employee costs due to vacancy. This will fund agency staff cover in the short term.
9. Underspend relating to insurance.
10. Reduction in parking income across all car parks, contracts and PCNs.
11. Overspend due to additional costs relating to the new alternative weekly collection scheme (agency staff & vehicle).
12. Additional income in Conferences and ticket commissions, and unallocated grants.
13. Grant income still to be allocated.
14. Repairs budget not yet spent.
15. Surplus income relating to Spring Show. Balance will be used to fund next year's event.
16. Underspend on repairs.

CORPORATE SERVICES**Position as at 31 July 2007**

| | Gross Expenditure £ | Gross Income £ | Recharges £ | Total £ |
|----------------|------------------------------------|-------------------------------|------------------------|--------------------|
| Annual Budget | 36,458,500 | (29,860,900) | (3,949,400) | 2,648,200 |
| Budget to date | 11,938,553 | (9,589,888) | (863,340) | 1,485,325 |
| Total Actual | 11,655,937 | (9,309,203) | (825,473) | 1,521,261 |
| Variance | (282,616) | 280,685 | 37,867 | 35,936 |

Analysis of Variances

| Service | Note | Expenditure Variance £ | Income Variance £ | Total Variance £ |
|-------------------------------|-------------|---------------------------------------|----------------------------------|---------------------------------|
| Finance team | 1 | 18,175 | 0 | 18,175 |
| Treasury Management | 2 | 0 | (21,477) | (21,477) |
| Salary Turnover Savings | 3 | 192,021 | 0 | 192,021 |
| Insurance holding account | 4 | (27,596) | (378) | (27,974) |
| IT Services | 5 | 81,645 | (4,602) | 77,043 |
| Council Tax | | 2,063 | (12,341) | (10,278) |
| Recovery | 6 | 1,796 | (36,743) | (34,947) |
| Benefits Assessment | 7 | (16,090) | (1,659) | (17,749) |
| Welfare Takeup campaign | 8 | 22,757 | (53,797) | (31,040) |
| Benefit Payments & Subsidy | | (513,894) | 415,997 | (97,897) |
| Miscellaneous variances | | (43,493) | 33,552 | (9,941) |
| Total Variance to date | | (282,616) | 318,552 | 35,936 |

Director's Comments

1. Cost of agency staff.
2. Increased investment interest.
3. No savings have been taken to date in 2007/08.
4. Insurance claims below excess.
5. Overspends in staff costs and software licences. Investigation ongoing.
6. Additional income for summons for non payment of Council Tax
7. Underspend in employee costs - vacancy
8. Budgets to be set up to allocate income.

DEVELOPMENT SERVICES**Position as at 31 July 2007**

| | Gross Expenditure £ | Gross Income £ | Recharges £ | Total £ |
|----------------|------------------------|-------------------|----------------|------------------|
| Annual Budget | 8,111,500 | (6,903,900) | (1,093,000) | 114,600 |
| Budget to date | 2,116,182 | (2,587,928) | 0 | (471,746) |
| Total Actual | 2,209,344 | (2,656,734) | 0 | (447,390) |
| Variance | 93,162 | (68,806) | 0 | 24,356 |

Analysis of Variances

| Service | Note | Expenditure Variance £ | Income Variance £ | Total Variance £ |
|---|------|------------------------------|-------------------------|------------------------|
| Brampton Business Centre | 1 | (15,333) | 2,232 | (13,101) |
| Tourism & City Centre Development | 2 | (25,722) | (12,275) | (37,997) |
| LABGI/Learning City/Employment Projects | 3 | (42,854) | 0 | (42,854) |
| Property Services | 4 | (50,479) | (10,921) | (61,400) |
| Industrial Estates | 5 | (314) | 49,662 | 49,348 |
| Corporate Properties | 6 | 13,318 | 36,440 | 49,758 |
| Planning Management | 7 | 128,138 | 55 | 128,193 |
| Planning Delivery Grant | 8 | 26,178 | 5,900 | 32,078 |
| Development Control | 9 | 13,573 | 29,407 | 42,980 |
| Local Plans | 10 | (13,275) | 203 | (13,072) |
| Conservation | 11 | (15,768) | (8,678) | (24,446) |
| HRA | 12 | (19,563) | 42,116 | 22,553 |
| Community & Health Partnerships | 13 | 35,000 | (100,000) | (65,000) |
| Decent Homes | 14 | (5,490) | (32,128) | (37,618) |
| Miscellaneous variances | | 65,753 | (70,819) | (5,066) |
| Total Variance to date | | 93,162 | (68,806) | 24,356 |

Director's Comments

1. The majority of the underspend relates to work on the premises which is underway.
2. Underspend in exhibition & publicity budgets. A contribution has been received towards the statue for Hardwicke Circus.
3. There has been a delay in starting projects which have been funded by NWDA and budgets have yet to be set.
4. Underspends in employee budgets due to vacancies, and asset reviews still outstanding.
5. Shortfall in income re Parkhouse Industrial Estate.
6. Shortfall in rental income from Octagon (not let out) and additional NNDR costs.
- 7 & 8. Tesco Inquiry costs make up the majority of these overspends, totalling £165,000.
9. Shortfall in income.
10. Awaiting costs relating to the Local Plan Inquiry.
11. Historic Building grants committed but not paid out.
12. Equipment Leasing costs (partly paid by CHA).
13. Grant income received in 2006/07; expenditure will be incurred by third parties during 2007/08.
14. Additional income received from completed capital schemes relating to renovation grants.

LEGAL & DEMOCRATIC SERVICES**Position as at 31 July 2007**

| | Gross Expenditure £ | Gross Income £ | Recharges £ | Total £ |
|----------------|------------------------------------|-------------------------------|------------------------|--------------------|
| Annual Budget | 3,687,800 | (577,300) | (903,500) | 2,207,000 |
| Budget to date | 673,959 | (188,257) | 0 | 485,702 |
| Total Actual | 690,099 | (235,108) | 0 | 454,991 |
| Variance | 16,140 | (46,851) | 0 | (30,711) |

Analysis of Variances

| Service | Note | Expenditure Variance £ | Income Variance £ | Total Variance £ |
|-------------------------------|-------------|---------------------------------------|----------------------------------|---------------------------------|
| Democratic Services | 1 | (8,337) | (2,937) | (11,274) |
| Electoral Services | | (1,974) | (7,165) | (9,139) |
| Legal Services | 2 | 12,733 | (21,428) | (8,695) |
| Mayor's Charity Account | | 15,145 | (15,321) | (176) |
| Miscellaneous variances | | (1,427) | 0 | (1,427) |
| Total Variance to date | | 16,140 | (46,851) | (30,711) |

Director's Comments

1. This section includes the rolling budget for Town Twinning. It will fund the next youth exchange in August.
2. Additional land charges income received.

PEOPLE, POLICY & PERFORMANCE SERVICES**Position as at 31 July 2007**

| | Gross Expenditure £ | Gross Income £ | Recharges £ | Total £ |
|----------------|------------------------------------|-------------------------------|------------------------|--------------------|
| Annual Budget | 3,103,300 | (151,600) | (1,998,500) | 953,200 |
| Budget to date | 885,929 | (79,468) | 0 | 806,461 |
| Total Actual | 852,388 | (89,719) | 0 | 762,669 |
| Variance | (33,541) | (10,251) | 0 | (43,792) |

Analysis of Variances

| Service | Note | Expenditure Variance £ | Income Variance £ | Total Variance £ |
|-------------------------------|-------------|---------------------------------------|----------------------------------|---------------------------------|
| Executive Management | 1 | 18,376 | 0 | 18,376 |
| Policy & Performance | 2 | (27,859) | 0 | (27,859) |
| Overview & Scrutiny | 3 | (15,246) | 0 | (15,246) |
| ACE | 4 | (18,430) | (6) | (18,436) |
| Miscellaneous | | 9,624 | (10,251) | (627) |
| Total Variance to date | | (33,535) | (10,257) | (43,792) |

Director's Comments

1. The overspend relates to expenditure incurred in response to the White Paper.
2. This section includes a rolling budget for risk management (currently underspent by £11,000).
3. Underspends to date in Overview & Scrutiny (£7,879) and Emergency Planning (£7,367).
4. Unallocated budget in general expenses.

PRIORITIES AND PERFORMANCE

The Executive considered Corporate Performance Monitoring Reports for the first quarter of 2007/08 at its meeting on 30 July 2007. The following sets out the financial position of the particular budgets that provide resources to deliver services, which have been included as being worthy of comment within the Performance Monitoring Report.

Recycling and Volume of Waste Collected

| PI No. | Indicator | 2007/08 Target | Apr-May this Year | Forecast for Year | Trend |
|---------|--|----------------|-------------------|-------------------|-----------|
| BV82ai | % household waste recycled | 21% | 24.09% | 24.09% | Improving |
| BV82aii | Total tonnage household waste recycled | 9,500 | 1,838.23 | 11,948.50 | Improving |
| BV82bi | % tonnage of household waste sent for composting | 19% | 27.2% | 27.2% | Improving |
| BV82bii | Total tonnage of household waste sent for composting | 8,395 | 2,075.89 | 9,053 | Improving |
| BV84a | Kg Household waste collected per head | 420 | 70.25 | 406.55 | Improving |
| BV84b | % change in Kg of waste collected per head | -6.33 | -2.94 | -6.33 | Improving |

These indicators, although only for the first two months of the financial year, indicate that the alternate week collections and the increased publicity for re-cycling are having a positive effect on targets.

The corresponding financial information is as follows:-

| Recycling & Waste Management: | | | | |
|--|------------------|-------------------|-------------------|---------------|
| Cost centre | Annual Budget | Budget April-July | Actual April-July | Variance |
| | £ | £ | £ | £ |
| Recycling Management | 372,600 | 142,446 | 208,859 | 66,413 |
| Refuse Collection | 1,308,300 | 394,512 | 386,865 | (7,647) |
| Garden Waste | 130,000 | 73,265 | 1,830 | (71,435) |
| Special Collections | 67,800 | -332 | 21,174 | 21,506 |
| Trade Waste Collections | 2,500 | 0 | 14,435 | 14,435 |
| Green Box Collection | 168,200 | 54,842 | 27,544 | (27,298) |
| Plastics & Card | 30,500 | 0 | 36,928 | 36,928 |
| Total | 2,079,900 | 664,733 | 697,635 | 32,902 |

The table shows that for the first four months of the financial year there has been an overall overspend of £32,902 against the budgets for Recycling and Waste Management. The improvement in performance has therefore only been achieved by additional spending in key areas, particularly the increased use of agency staff and by

APPENDIX B

differences between actual spending and income and budgets for collections and contributions from third parties.

Planning Services

| PI No. | Indicator | 2007/08 Target | Apr-June this Year | Forecast for Year | Trend |
|--------|---|----------------|--------------------|-------------------|---------------|
| BV109a | % of major planning applications determined in 13 weeks | 60% | 55.56% | 55.56% | Deteriorating |
| BV109b | % of minor planning applications determined in 8 weeks | 75% | 78.99% | 78.99% | Improving |
| BV109c | % of other planning applications determined in 8 weeks | 87% | 89.9% | 89.9% | Improving |

Generally, the Planning Service is performing well, except when dealing with complex planning applications where the deterioration in performance has raised the issue of the allocation of resources to this area.

The corresponding financial information is as follows:-

| Planning Services | | | | |
|-------------------------------|------------------|-------------------|-------------------|----------------|
| Cost centre | Annual Budget | Budget April-July | Actual April-July | Variance |
| | £ | £ | £ | £ |
| Management & Administration | 30,300 | 80,345 | 208,538 | 128,193 |
| Planning Delivery Grant | 0 | 0 | 32,078 | 32,078 |
| Development Control | 277,200 | 28,707 | 71,687 | 42,980 |
| Local Plans | 602,800 | 164,325 | 151,253 | (13,072) |
| Conservation | 159,100 | 46,247 | 21,801 | (24,446) |
| Shop Mobility | 21,500 | 7,515 | (3,653) | (11,168) |
| Building Control - Operations | (12,300) | (31,857) | (36,922) | (5,065) |
| Building Control - Client | 207,600 | 67,894 | 70,761 | 2,867 |
| Total | 1,286,200 | 363,176 | 515,543 | 152,367 |

The table shows that for the first four months of the financial year there has been an overall overspend of £152,367 against the budgets for Planning Services. The overspend is mainly due to the costs of the planning inquiry into the proposed Tesco development and a reduction in development control fees.

Crime Reduction

| PI No. | Indicator | 2007/08 Target | Apr-June this Year | Forecast for Year | Trend |
|--------|------------------------------------|----------------|--------------------|-------------------|-----------|
| BV127a | Violent Crime per 1,000 population | 17.00 | 4.86 | 18.29 | Improving |

Although the Council has no direct responsibility for this BVPI, it has Community Safety budgets, including a contribution to the Carlisle and Eden Crime and Disorder

APPENDIX B

Reduction Partnership [CDRP] and an Anti-Social Behaviour Co-ordinator, funded by the CDRP, which are relevant to this activity.

The financial information is as follows: -

| Crime Reduction | | | | |
|------------------------|----------------|-------------------|-------------------|----------------|
| Cost centre | Annual Budget | Budget April-July | Actual April-July | Variance |
| | £ | £ | £ | £ |
| Community Safety | 159,700 | 45,722 | 32,541 | (13,181) |
| ASBO Co-ordinator | 400 | 400 | 5,277 | 4,877 |
| Total | 160,100 | 46,122 | 37,818 | (8,304) |

The current under-spend is due to the fact that the Council has not yet paid over its contribution to the CDRP.

Food Inspections

| PI No. | Indicator | 2007/08 Target | Apr-June this Year | Forecast for Year | Trend |
|--------|--|----------------|--------------------|-------------------|---------------|
| LP114a | % of food premises inspections carried out | 95% | 89.47% | 89.47% | Deteriorating |

Most of the outstanding inspections were carried out during the first week of July and those that were not, due to circumstances beyond the Council's control (for example temporary closure, the absence of the proprietor), will be visited in the near future. Team members also had a varying level of involvement in the introduction of the Smoke Free legislation, which an effect on performance in this area.

The corresponding financial information is as follows:-

| Cost centre | Annual Budget | Budget April-July | Actual April-July | Variance |
|--------------|----------------|-------------------|-------------------|----------------|
| | £ | £ | £ | £ |
| Food Safety | 414,000 | 94,039 | 87,506 | (6,533) |
| Total | 414,000 | 94,039 | 87,506 | (6,533) |

There are no significant variations to report that would affect performance in this area.

Hostels

| PI No. | Indicator | 2007/08 Target | Apr-June this Year | Forecast for Year | Trend |
|---------|--|----------------|--------------------|-------------------|---------------|
| BV183ii | Average length of stay (in weeks) in hostels – families and pregnant women | 7.73 | 12.92 | 12.92 | Deteriorating |

Performance here reflects the ongoing issues being faced in extended timescales until accepted households are re-housed by Housing associations. The availability of ready-to-let property is largely outside of the Council's control.

The following shows the financial position for hostels and home-shares:

| Cost centre | Annual Budget | Budget April-July | Actual April-July | Variance |
|-------------------------|----------------|-------------------|-------------------|----------------|
| | £ | £ | £ | £ |
| Hostels and Home-shares | 118,700 | 31,685 | 23,947 | (7,738) |
| Total | 118,700 | 31,685 | 23,947 | (7,738) |

There are no significant variations to report that would affect performance in this area.

Benefit Claims

| PI No. | Indicator | 2007/08 Target | Apr-June this Year | Forecast for Year | Trend |
|--------|---|----------------|--------------------|-------------------|---------------|
| BV78a | Average Time (days) for processing new HB and CTB claims | 20.89 | 22.26 | 22.26 | Deteriorating |
| BV78b | Average Time (days) for processing changes in circumstances | 6.35 | 8.92 | 8.92 | Deteriorating |

Although these indicators are off target and deteriorating, overall performance remains in best or 2nd best national quartile. The slight reduction in performance was planned as staffing has been reduced by 5 full time equivalents (10% of the benefits workforce).

The associated budgets for benefits assessments are as follows: -

| Cost centre | Annual Budget | Budget April-July | Actual April-July | Variance |
|----------------------|----------------|-------------------|-------------------|-----------------|
| | £ | £ | £ | £ |
| Benefits Assessments | 657,000 | 53,641 | 35,892 | (17,749) |
| Total | 657,000 | 53,641 | 35,892 | (17,749) |

Although the budget has reduced to reflect the changes to staffing outlined above, there is a further vacancy which has resulted in an under-spend against budget. This will also contribute to the deterioration in performance highlighted by the BVPIs. The overall improvement in performance of this service has contributed significantly to the Gershon efficiency target, contributing approximately £152,000 in total over the three-year period 2004/05 – 2006/07. If performance is not maintained at a level relatively close to that achieved to the end of 2006/07, then the overall contribution to the efficiency target from the Benefits Service by the end of the review period in 2007/08 will have to be reduced. This reduction will then reflect the deterioration highlighted by the BVPI's in the first quarter of the year. The situation will be monitored

for the remainder of the year to minimise, as far as possible, the reduction in performance.

Gershon Efficiency Savings Update

APPENDIX C

This table incorporates changes submitted as part of the 2006/07 Backward Looking AES and a review of proposals for 2007/08.

| AES Group | | 2004/05 £ | 2005/06 £ | 2006/07 £ | 2007/08 £ | Totals £ | Comments on 2006/07 Efficiency Measures |
|-----------|---|----------------|----------------|----------------|----------------|------------------|--|
| | Cashable - Recurring | | | | | | |
| 1 | Capital receipts – income from interest | 26,758 | 64,539 | 134,666 | 147,000 | 372,963 | Evidenced for 2004/05, 2005/06 and 2006/07 |
| 1 | Rationalisation of Depots | | | | 10,000 | 10,000 | |
| 1 | Energy Efficiency | | | | 10,000 | 10,000 | |
| 1 | Energy Efficiency | | | | 15,000 | 15,000 | |
| 1 | Grounds Maint Ind Estates | 5,000 | | 369 | | 5,369 | Efficiency Maintained |
| | Staff Turnover | | 200,000 | 25,600 | | 225,600 | Allowable efficiency (included as a potential only previously).2006-07 Reduced from 110k original based on forecast target of £564,100. |
| 1 | | | | | | | |
| | | 31,758 | 264,539 | 160,635 | 182,000 | 638,932 | |
| | Resources transferred from other Business Units to fund | | | | | 0 | One year only |
| 2 | Customer Contact Centre frontline staff | 33,000 | | -33,000 | | | |
| 2 | Democratic Representation | 12,000 | | 1,454 | | 13,454 | Efficiency Maintained |
| 2 | Restructure | | | | 80,000 | 80,000 | |
| 2 | Flexible Working | | 40,000 | -40,000 | | 0 | One year only |
| 2 | Home Working | | 7,000 | -7,000 | | 0 | One year only |
| | | 45,000 | 47,000 | -78,546 | 80,000 | 93,454 | |
| 3 | Telephones | 15,000 | | -15,000 | | 0 | Evidence Required |
| 3 | Corporate Supplies & Services Budgets | 50,000 | | 50,349 | | 100,349 | Savings generated by Procurement Unit |
| 3 | Corporate Supplies & Services Budgets | | 30,000 | 0 | | 30,000 | Included in item above |
| | IT Procurement | | | 7,480 | 7,000 | 14,480 | CPU Currently Procuring new Pc's via Framework Agreement. 4 Year replacement programme 2006-2010 |
| 3 | | | | | | | |
| | Central Mail & Document Image processing | | | | 20,000 | 20,000 | |
| 3 | | | | | | | |
| | Telephony/Mobile Phone contract | | | 19,080 | | 19,080 | Letter forwarded to Management 30-01-2007. Identifying proposed method of budget reduction. |
| 3 | | | | 69,960 | | 69,960 | |
| 3 | Wheelie Bin Procurement for AWC | | | | | | CPU Procured 44,000 Bins via Framework Agreement. |
| | | 65,000 | 30,000 | 131,869 | 27,000 | 253,869 | |
| 4 | Reduced Overtime Working - Community Services | | | | 56,000 | 56,000 | |
| | Rationalisation of Grounds Contract - reduced temporary Staff | | | | 10,000 | 10,000 | |
| 4 | | | | | | | |
| 4 | Waste Minimisation Contract | | | | 69,000 | 69,000 | |
| 4 | Refuse Collection vehicles x 3 | | | 8,374 | 18,800 | 27,174 | Annual Purchase v. lease saving |
| | | 0 | 0 | 8,374 | 153,800 | 162,174 | |
| | Improved productivity in Benefits Assessment. Increased caseload dealt with at reduced cost | | 110,078 | -9,422 | | 100,656 | Costs higher so full efficiency not maintained. - Performance improved |
| 5 | Highways Claimed Rights | 40,000 | | 46,840 | | 86,840 | Further budget reduction of £50,000 in 2006/07 |
| 5 | Council Tax improved collection rates | | 5,591 | -5,591 | | 0 | Deterioration in performance |
| | | 40,000 | 115,669 | 31,827 | 0 | 187,496 | |
| | | | | | | | |
| | Carlisle Leisure Contract | 33,364 | 9,719 | 27,963 | | 71,046 | Represents the ongoing cost improvement of the contract with CLL for indoor leisure facilities compared with the cost of in-house provision. |
| 6 | | | | | | | |
| | | 33,364 | 9,719 | 27,963 | 0 | 71,046 | |
| | | | | | | | |
| | Cashable totals | 215,122 | 466,927 | 282,122 | 442,800 | 1,406,971 | |
| | | | | | | | |

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
|--|--|--|--|--|--|--|

| | | 2004/05 £ | 2005/06 £ | 2006/07 £ | 2007/08 £ | Totals £ | Comments on 2006/07 Efficiency Measures |
|------------------------------------|---|----------------|----------------|----------------|----------------|------------------|---|
| | Non Cashable | | | | | | |
| 1 | Energy Efficiency | | | | 5,000 | 5,000 | |
| 3 | Joint IT Arrangements | | | | 20,000 | 20,000 | |
| | Corporate sickness absence efficiency. Reduction in days taken off sick from 12.87 days in 2004/05 to 10.91 days in 2005/06 | | 149,800 | 229,201 | 0 | 379,001 | Supported by BV12 self assessment return. Figures now down to 7.96 days |
| 4 | Improved productivity in Benefits Assessment. Increased caseload dealt with at reduced cost | | 15,345 | -131 | | 15,214 | Costs higher so full efficiency not maintained. - Performance improved |
| 5 | Additional benefits fraud detection – employment of an additional Fraud Officer which would be self financing through improved detection rates and subsequent income from DWP | | 47,550 | | | 47,550 | Costs higher so full efficiency not maintained. - Performance improved |
| 5 | | | | | | | |
| Non Cashable Totals | | 0 | 212,695 | 229,070 | 25,000 | 466,765 | |
| Cashable & Non Cashable | | 215,122 | 679,622 | 511,192 | 467,800 | 1,873,736 | Government Requirement for period ending 2007/08 = £1.4m |

AES Group

- 1 Miscellaneous
- 2 Corporate services
- 3 Procurement
- 4 Productive
- 5 Transaction
- 6 Culture & Sport