

CARLISLE CITY COUNCIL

Report to:- Carlisle City Council

Date of Meeting:- 26 June 2008

Agenda Item No:-

Public

Title:- **PROVISIONAL GENERAL FUND REVENUE OUTTURN
2007/08**

Report of:- **The Director of Corporate Services**

Report reference:- **CORP31/08**

Summary Report:-

Report CORP12/08 considered by the Executive on the 29 May 2008 (also circulated as part of this meeting's agenda) summarised the 2007/08 provisional outturn for the General Fund revenue Services. That report set out a level of carry forwards which the Executive asked the Senior Management Team (SMT) to review. The Executive asked that SMT reduce the level of carry forwards so that the overspend after their inclusion was limited to £280k which equates to the shortfall in income from fees and charges for the year.

Appendix 1 to this report sets out the revised list of carry forwards which the Executive recommend Council to approve. Since the Executive meeting of the 29 May, further minor changes have come to light as a result of producing the Statement of Accounts for 2007/08 totalling £4,822. With this minor change and if the now revised level of carry forwards are approved the resulting overspend will total £275,178 in 2007/08.

SMT will manage the impact of the reduction of carry forwards in 2008/09 from within existing budgets.

Corporate Resources Overview and Scrutiny Committee (CROS) and the Audit Committee on the 12 and 23 June respectively considered the Provisional Outturn position and revised level of carry forwards. At its meeting of the 23 June 2008 the Executive considered the comments from the CROS committee meeting.

Recommendation:-

Council is asked to consider the carry forwards of £647,800, as set out in Appendix 1 which will, if approved, result in an overspend of £275,178 in 2007/08 and will require this to be met from Reserves.

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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: CORP12/08

Appendix 1



"CORP .08 Appendix
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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: CORP12/08**

REVENUE BUDGET MONITORING - 2007/08 PROVISIONAL OUTTURN

NOT FOR PUBLICATION

Directorate	Annual Budget	Total Expenditure	Variance	Carry Forwards	Variance
Carlisle Renaissance	515,200	476,397	(38,803)	38,500	(303)
Community Services	11,411,100	11,639,854	228,754	218,200	446,954
Corporate Services	3,891,600	3,850,192	(41,408)	69,900	28,492
Development Services	321,500	(86,402)	(407,902)	322,700	(85,202)
Legal and Democratic Services	2,192,100	2,177,567	(14,533)	44,400	29,867
People Policy Performance Services	729,800	635,884	(93,916)	93,400	(516)
Total	19,061,300	18,693,492	(367,808)	787,100	419,292

20/05/2008	19,061,300	18,693,482	(367,818)	787,100	419,282
	0	(10)	(10)	0	(10)

CARLISLE RENAISSANCE

Position as at 31 March 2008

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	364,300	0	150,900	515,200
Total Actual	465,775	(140,278)	150,900	476,397
Variance	101,475	(140,278)	0	(38,803)
Carry forwards				38,500
Adjusted Variance	101,475	(140,278)	0	(303)

Analysis of Variances and Carry Forwards

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £	Carry Forward £	Adjusted Variance £
General Expenses	1	(38,802)	0	(38,802)	38,500	(302)
Programme Funding	2	140,277	(140,278)	(1)	0	(1)
Total Variance to date		101,475	(140,278)	(38,803)	38,500	(303)

Director's comments

Carlisle Renaissance was awarded ringfenced funding of £1,020,000 over three years from 2005/06. Further funding has now been approved for 2009/10 and 2010/11.

1. Funding is committed to the establishment of the new delivery vehicle for Carlisle Renaissance.
2. Funded by North West Development Agency.

COMMUNITY SERVICES**Position as at 31 March 2008**

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	28,405,300	(8,862,000)	(8,132,200)	11,411,100
Total Actual	29,225,497	(9,675,594)	(7,910,049)	11,639,854
Variance	820,197	(813,594)	222,151	228,754
Carry forwards				218,200
Adjusted Variance	820,197	(813,594)	222,151	446,954

Analysis of Variances and Carry Forwards

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £	Carry Forward £	Adjusted Variance £
Management	1	(20,052)	(536)	(20,588)	30,000	9,412
Support Services	2	8,994	(37,109)	(28,115)	0	(28,115)
Garage	3	(17,776)	37,832	20,056	0	20,056
Building Maintenance	4	(31,085)	46,681	15,596	0	15,596
Civic Centre Accommodation	5	38,914	(12,544)	26,370	0	26,370
Bereavement Services	6	887	83,088	83,975	0	83,975
Environmental Protection	7	(71,441)	14,817	(56,624)	30,000	(26,624)
Food Safety	8	(11,097)	(12,172)	(23,269)	0	(23,269)
Area Maintenance	9	76,786	19,873	96,659	0	96,659
Green Spaces	10	(66,140)	87,764	21,624	0	21,624
Highways	11	21,963	15,764	37,727	0	37,727
Highways Claimed Rights	12	(226,973)	173,718	(53,255)	0	(53,255)
Land Drainage	13	19,677	0	19,677	0	19,677
CCTV	14	(47,090)	9,440	(37,650)	0	(37,650)
Miscellaneous Highways Expenses	15	(76,841)	0	(76,841)	70,000	(6,841)
Parking	16	(14,837)	82,974	68,137	0	68,137
Recycling & Waste Management	17	421,340	(254,163)	167,177	0	167,177
Rationalisation of depots	18	32,600	0	32,600	0	32,600
Community & Culture Management	19	(74,384)	(8)	(74,392)	38,200	(36,192)
Tullie House	20	697,373	(652,085)	45,288	0	45,288
Sports Development	21	(47,731)	(19,472)	(67,203)	50,000	(17,203)
Customer Contact Section	22	20,609	(1,764)	18,845	0	18,845
Miscellaneous variances		186,501	(173,541)	12,960	0	12,960
Total Variance to date		820,197	(591,443)	228,754	218,200	446,954

Director's Comments

1. Carry forward is for a feasibility study to be undertaken in conjunction with the Save Our Lonsdale Group. The unfunded balance of £20,000 for the Single Status allocation for 2007/08 is also held here.
2. Recharge of costs in excess of budget for project management fees.
3. Recharges under recovered due to sickness of a member of staff and work contracted out.
4. Underspend on supplies & services, offset by a shortfall on recharges.
5. Overspend on energy costs.
6. Shortfall in income of £60,600 at the Cemeteries and £30,000 at the Crematorium.
7. The carry forward is committed to complete the Clean Neighbourhood Act scheme. Shortfall on pest control income of £17,105.
8. Additional income received from other local authorities from Scores on the Doors and Smoking Cessation projects.
9. Overspend on overtime and agency staff costs to cover vacancies.
10. Shortfall in recharges and recovery of costs from capital work.
11. Overspend on staff and shortfall in income from capital work and other projects.
12. Reduction in recharges to and funding from County Council (including impact of previous years), offset by reduction in expenditure, primarily insurance provision.
13. Sandbags and additional resources required relating to localised flooding in January 2008.
14. Reduction in transmission costs, offset by shortfall in income.
15. Carry forward relates to small scale community projects where expenditure has been committed but not incurred.
16. As reported throughout the year, income from parking fees has fallen short of the budget.
17. Overspend relates to the new alternative weekly collection scheme, particularly additional expenditure on staff & vehicle hire. Costs of £37,000 have been incurred dealing with fly tipping, for which there is no income.
18. The potential saving expected from the rationalisation of the Council's depots has been delayed pending completion of the Bitts Park Depot (funded from flood reimbursement).
19. The carry forward relates to ongoing schemes including Tullie House Trust and the Community Service Review.
20. As reported throughout the year, there is a shortfall in income at Tullie House, but there are also overruns in the Curatorial section and the Brampton Live event, where additional rental costs were incurred.
21. SPAA project delayed awaiting response from Sport England on project proposals. Carry forward is for match funding.
22. A saving of £20,000 for Document Image Processing was included in the budget but has not been achieved due to the delayed implementation of the capital project.

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CORPORATE SERVICES**Position as at 31 March 2008**

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	37,102,400	(29,303,000)	(3,907,800)	3,891,600
Total Actual	38,696,805	(30,941,874)	(3,904,739)	3,850,192
Variance	1,594,405	(1,638,874)	3,061	(41,408)
Carry forwards				69,900
Adjusted Variance	1,594,405	(1,638,874)	3,061	28,492

Analysis of Variances and Carry Forwards

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £	Carry Forward £	Adjusted Variance £
Audit Services	9	0	0	9	0	9
IT Services		11,817	(6,391)	5,426	0	5,426
Financial Services	1	35,489	(35)	35,454	0	35,454
Treasury Management	2	(15,297)	(189,003)	(204,300)	0	(204,300)
Other financial services	3	(36,324)	609	(35,715)	0	(35,715)
<u>Revenues & Benefits Services</u>						
Recovery	4	6,703	(60,606)	(53,903)	0	(53,903)
Benefits Assessments	5	(68,125)	(2,537)	(70,662)	45,500	(25,162)
Benefits Payments & Subsidy	6	1,245,872	(1,326,801)	(80,929)	0	(80,929)
Welfare Take Up Campaign	7	22,757	(22,757)	0	0	0
Concessionary Fares	8	21,596	(2,788)	18,808	0	18,808
Revenues & Benefits sundry		(12,449)	(4,092)	(16,541)	0	(16,541)
		1,212,048	(1,614,401)	(402,353)	45,500	(356,853)
<u>Corporate Activities</u>						
Corporate Management	9	38,568	0	38,568	0	38,568
Salary Turnover Savings	10	341,035	0	341,035	0	341,035
Council Tax Second Homes	11	0	29,466	29,466	0	29,466
LABGI	12	0	(31,697)	(31,697)	0	(31,697)
Insurance holding account	13	2,493	5,461	7,954	0	7,954
Shared Services	14	261	(24,642)	(24,381)	24,400	19
		382,357	(21,412)	360,945	24,400	385,345
Total Variance to date		1,594,405	(1,635,813)	(41,408)	69,900	28,492

Director's Comments

- Overspends on supplies & services, and consultant fees for Price Waterhouse re VAT
- Additional investment income of £191,000 plus £18,600 underspend on MRP costs. This will be used to offset the shortfalls in income for Bereavement Services, Car Parking and Land Charges.
- The use of capital receipts has been maximised in financing the capital expenditure for 2007/08 and the underspend relates to the saving made as a result of not using the revenue funding available.
- Higher than expected income received from court costs.
- Accumulated unallocated DWP Grant from previous years (ringfenced).
- Budgets for 2007/08 were set according to a 52 week year but for Benefit Subsidy purposes it was a 53 week year. This makes no difference to the final position but accounts for the large variances on income and expenditure.
- Expenditure is funded externally.
- As reported previously, costs for Concessionary Fares increased by 7.5% from 1st February 2008.
- The overspend relates to a change in the invoicing arrangements for external audit fees, resulting in more costs for 2007/08 and increased bank & card charges.
- As reported throughout the year, savings for salary turnover have not met the 2007/08 target.
- This is the City Council's contribution to Second Homes discount.
- Additional LABGI funding received in excess of budget provision.
- Payment to solicitors re outstanding claim. Some recovery anticipated from pre 1974 insurers.
- Income received from Copeland for Benefits, Recovery and NNDR staff and carried forward to fund activities in 08/09.

PROVISIONAL GENERAL FUND REVENUE OUTTURN 2007/08

APPENDIX A4

DEVELOPMENT SERVICES

Position as at 31 March 2008

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	7,331,500	(7,867,600)	857,600	321,500
Total Actual	7,626,499	(8,570,501)	857,600	(86,402)
Variance	294,999	(702,901)	0	(407,902)
Carry forwards				322,700
Adjusted Variance	294,999	(702,901)	0	(85,202)

Analysis of Variances

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £	Carry Forward £	Adjusted Variance £
Business & Employment Development	1	(18,269)	(20,906)	(39,175)	46,100	6,925
Longtown Market Town Initiative	2	(20,710)	9,711	(10,999)	8,500	(2,499)
Brampton Business Centre	3	(15,418)	50,009	34,591	9,800	44,391
Tourism & City Centre Development	4	72,272	(45,276)	26,996	0	26,996
LABGI	5	93,325	(205,147)	(111,822)	105,200	(6,622)
Property Services	6	(61,755)	(5,575)	(67,330)	67,100	(230)
Industrial Estates	7	23,512	(282,843)	(259,331)	0	(259,331)
Corporate Properties	8	38,531	72,849	111,380	0	111,380
Planning & Housing Management	9	(12,089)	2,236	(9,853)	0	(9,853)
Development Control	10	52,488	37,888	90,376	0	90,376
Local Plans	11	966	752	1,718	5,000	6,718
Conservation	12	(17,334)	(8,679)	(26,013)	26,400	387
Building Control (Client)	13	(8,889)	22,535	13,646	4,000	17,646
Energy Efficiency Advice Centre	14	289,606	(296,508)	(6,902)	0	(6,902)
Hostels	15	36,841	(49,886)	(13,045)	0	(13,045)
HRA	16	13,318	(14,968)	(1,650)	0	(1,650)
Supporting Vulnerable People	17	3,427	(21,283)	(17,856)	20,000	2,144
Affordable Housing	18	(24,300)	(372)	(24,672)	28,800	4,128
Community & Health Partnerships	19	(41,000)	41,000	0	0	0
Decent Homes	20	(5,158)	(103,377)	(108,535)	0	(108,535)
Miscellaneous variances	21	(104,365)	114,939	10,574	1,800	12,374
Total Variance to date		294,999	(702,901)	(407,902)	322,700	(85,202)

Director's Comments

- Underspend due to return to work project which commenced in January 2008 and will continue until June 2010.
- Slippage on project mostly due to funds held to cover costs of required evaluation work from capital scheme.
- Service currently being reviewed (including carry forward). Overspend due to shortfall in income.
- Over spend due to £10,761 vat adjustment and £10,000 not forthcoming on City Centre events.
- Slippage on projects - some budget to be allocated to other projects and some to carry forward.
- Underspend of £55,000 committed for property portfolio commissions which have now started.
- Rent reviews settled following arbitration (arrears backdated to 1989) and following court decision.
- Shortfall in rental income from Octagon (let to CDRP) and additional NNDR costs. Agreed to be funded from (7) above during 2007/08 monitoring and 2008/09 budget process.
- Legal and consultants fees lower than expected.
- Shortfall in income against budget and additional costs re Carlisle Airport application.
- The carry forward relates to the Local Development Framework and the North Pennines AONB.
- Historic Building grants committed but not yet paid out
- A contribution of £28,000 should be credited to this service from the Building Control earmarked reserve. However the reserve, which must break even over a rolling 3 year period, is currently in deficit, and therefore a transfer cannot be carried out, hence the overspend shown above. In future, steps need to be taken to bring this reserve back in to a break even position.
- Due to grant income received in advance of spend.
- Additional income resulting from improvements in fee collection and grant from DCLG.
- Equipment Leasing costs (partly paid by CHA)
- Additional income re improvements in recovery of costs and rent advances
- Awaiting fees for various studies and consultations
- Additional grant from Department of Health - programme will continue into next year
- Additional income received from completed capital schemes relating to renovation grants
- This includes expenditure funded by the Planning Delivery Grant. Carry forward relates to training in Housing.

LEGAL & DEMOCRATIC SERVICES

Position as at 31 March 2008

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	3,707,309	(611,709)	(903,500)	2,192,100
Total Actual	3,701,995	(620,928)	(903,500)	2,177,567
Variance	(5,314)	(9,219)	0	(14,533)
Carry forwards				44,400
Adjusted Variance	(5,314)	(9,219)	0	29,867

Analysis of Variances and Carry Forwards

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £	Carry Forward £	Adjusted Variance £
Town Twinning	1	(29,917)	(215)	(30,132)	30,000	(132)
Committee Services	2	11,211	0	11,211	0	11,211
Administration	3	(15,683)	(34)	(15,717)	0	(15,717)
Civic Administration	4	(13,973)	(2,304)	(16,277)	0	(16,277)
Democratic Representation	5	24,239	30	24,269	0	24,269
Licensing	6	(12,790)	(1,419)	(14,209)	14,400	191
Electoral Services	7	12,088	(12,736)	(648)	0	(648)
Land Charges	8	(443)	45,497	45,054	0	45,054
Mayor's Charity Account		21,866	(21,866)	0	0	0
Miscellaneous variances		(1,912)	(16,172)	(18,084)	0	(18,084)
Total Variance to date		(5,314)	(9,219)	(14,533)	44,400	29,867

Director's Comments

1. This is a rolling budget and is carried forward year on year. It will be used in 2008/09 to fund the Civic and youth delegations who will visit Flensburg, and for projects agreed at the Annual 3 way meeting.
2. There is an overspend on printing and photocopying costs in connection with the Committee process. Steps are being introduced to monitor the printing sources and put in place tighter controls to limit growth across directorates.
3. Salary costs are underspent by £5,400 and supplies & services are underspent by £8,000.
4. Underspends in the supplies & services budgets account for the majority of this variance.
5. A number of small overspends make up the total overspend in Democratic Representation, including printing and photocopying charges, postages, catering provisions, subsistence, mobiles and general expenses. These items relate to members' expenditure in order to carry out their roles where budgets have been frozen over recent years as a result of the general freeze on inflation on supplies and services.
6. Underspends on training budgets requested to be carried forward to train members, officers and the public on licensing legislation in 2008/09 in line with statutory obligations.
7. Electoral costs for 2006/07 were reimbursed in 2007/08, accounting for much of this underspend.
8. Deficit on income due to downturn in the housing market which has proved to be larger than anticipated, and as highlighted in the monitoring reports, offset by Treasury Management investment income.

PEOPLE, POLICY & PERFORMANCE SERVICES**Position as at 31 March 2008**

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	2,997,900	(240,100)	(2,028,000)	729,800
Total Actual	2,858,432	(255,054)	(1,967,494)	635,884
Variance	(139,468)	(14,954)	60,506	(93,916)
Carry forwards				93,400
Adjusted Variance	(139,468)	(14,954)	60,506	(516)

Analysis of Variances and Carry Forwards

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £	Carry Forward £	Adjusted Variance £
Executive Management	1	43,292	(2,194)	41,098	0	41,098
Local Strategic Partnership	2	(8,861)	(13)	(8,874)	8,500	(374)
Community Safety	3	(11,602)	(29)	(11,631)	9,400	(2,231)
Policy & Performance	4	(32,807)	0	(32,807)	0	(32,807)
Emergency Planning	5	(11,981)	(1,577)	(13,558)	0	(13,558)
Personnel & Training	6	21,063	0	21,063	0	21,063
Pay & Workforce Strategy	7	(27,899)	0	(27,899)	29,700	1,801
Pay & Reward Team	8	18,058	(3,148)	14,910	0	14,910
ACE	9	(45,880)	68	(45,812)	45,800	(12)
Miscellaneous variances	10	(82,851)	52,445	(30,406)	0	(30,406)
Total Variance to date		(139,468)	45,552	(93,916)	93,400	(516)

Director's Comments

1. The overspend relates to White Paper expenses, agency staff costs and SMT training.
2. The LSP is a three year programme, and the carry forward request is to fund part of the staff costs in 2008/09.
3. The carry forward request is for the replacement of Neighbourhood Watch signs and the relocation of the CDRP office within the Civic Centre.
4. This section includes an underspend on salaries, risk management and research & consultation.
5. A number of small underspends make up the variance. This budget represents a contingency required for Emergency Planning.
6. The overspend is due to office equipment and furniture purchased for the training room which is a corporate facility.
7. The carry forward request is to fund the completion of the job evaluation appeals process.
8. The overspend is the cost of staff employed to backfill posts involved in the new payroll system.
9. ACE funding is ringfenced money from all the Cumbrian authorities and NWIN, and is required to continue activities in 2008/09, including a leadership project with Cumbria Strategic Partnership.
10. Miscellaneous variances include underspends on the Best Value scheme and the Overview & Scrutiny service.

2007/08 REVENUE CARRY FORWARD REQUESTS

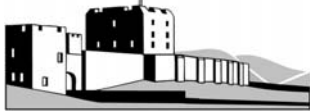
DESCRIPTION	Approved	
	2008/09	2009/10
	£	£
CARLISLE RENAISSANCE		
Carlisle Renaissance - General expenses	38,500	
	38,500	
COMMUNITY SERVICES		
Lonsdale Feasibility Study	30,000	
Small Scale Community Projects - revenue budget	70,000	
CNEA Initiative	30,000	
Theatre/Arts Centre (in conjunction with Arts Council for England)	6,300	
Community Support Review	13,500	
SPAA funding	50,000	
	199,800	
CORPORATE SERVICES		
DWP Grant re Benefits Services	23,500	
	23,500	
DEVELOPMENT SERVICES		
Regeneration Officer (funded from Council Tax Second Homes Discount)	16,200	20,300
Parish Council Capital Grants	2,000	
Village Hall Support Grants	4,100	
Longtown MTI -Townscape	7,800	
Homelessness/Supporting Vulnerable People - Market Factor Supplement	9,000	
Homelessness/Supporting Vulnerable People - General grants paid out	11,000	
Affordable Housing - Non Publication subscriptions	7,900	
Affordable Housing consultants fees (Housing Strategy)	11,200	
Affordable Housing consultants fees (Gypsies & Travellers)	5,800	
Local Plans - Environmental Grants paid out	5,000	
Historic Buildings Grants - remainder of grants fund	26,400	
Property Market Factor Supplements - Property (recruitment & relocation costs for 2 new posts)	19,500	
Property - Asset review & acquisition negotiation	47,600	
LABGI - Carlisle Renaissance Year 1 Action Plan (extension of Economic Regeneration Officer contract)	2,900	
LABGI - Carlisle Renaissance Year 1 Action Plan	74,700	
Carlisle New Business Grant Scheme	24,100	
	275,200	20,300
LEGAL & DEMOCRATIC SERVICES		
Town Twinning	10,000	
	10,000	
PEOPLE, POLICY & PERFORMANCE		
Carlisle Partnership (LSP)	8,500	
Basic Pay/Pay & WorkForce Strategy	22,700	
ACE2 Project - Employee costs	2,000	
ACE2 Project - General expenses	5,000	
ACE2 Project - Progression with Shared Services	30,000	
ACE2 Project - Leadership Project with Cumbria Strategic Partnership	8,800	
	77,000	
TOTAL GENERAL FUND CARRY FORWARD REQUESTS	624,000	20,300

APPENDIX 1

	Total
2010/11	
£	£
	38,500
	38,500
	30,000
	70,000
	30,000
	6,300
	13,500
	50,000
	199,800
	23,500
	23,500
3,500	40,000
	2,000
	4,100
	7,800
	9,000
	11,000
	7,900
	11,200
	5,800
	5,000
	26,400
	19,500
	47,600
	2,900
	74,700
	24,100
3,500	299,000
	0
	10,000
	10,000
	0
	8,500
	22,700
	2,000
	5,000
	30,000
	8,800
	77,000
3,500	647,800

GERSHON EFFICIENCY 3 YEAR FORECAST
APPENDIX C

AES Group		2004/05 £	2005/06 £	2006/07 £	2007/08 £	Totals £
	Cashable - Recurring					
1	Capital receipts – income from interest	26,758	64,539	140,000	147,000	378,297
1	Civic rating reduced		10,000			10,000
1	Rationalisation of depots				10,000	10,000
1	Grounds Maint Ind Estates	5,000				5,000
1	Staff Turnover		200,000			200,000
1	Energy Efficiency				10,000	10,000
1	Rates appeals				20,000	20,000
1	Energy Efficiency				15,000	15,000
	Sub Total	31,758	274,539	140,000	202,000	648,297
2	Resources transferred from other Business Units to fund Customer Contact Centre frontline staff	33,000				33,000
2	Democratic Representation	12,000				12,000
2	Flexible Working		40,000			40,000
2	Home Working		7,000			7,000
2	Restructure				80,000	80,000
	Sub Total	45,000	47,000	0	80,000	172,000
3	Telephones	15,000				15,000
3	Corporate Supplies & Services Budgets	50,000				50,000
3	Corporate Supplies & Services Budgets		30,000			30,000
3	Corporate Supplies & Services Computer Printing			13,000		13,000
3	IT Procurement			7,300	7,000	14,300
3	Telephony/Mobile Phone contract			20,000		20,000
3	Wheelie Bin Procurement for AWC			72,800		72,800
3	Implementation of VOIP			15,000		15,000
3	Central Mail & Doc. Image Processing			0	20,000	20,000
	Sub Total	65,000	30,000	128,100	27,000	250,100
4	Reduced Overtime Working - Community services			0	56,000	56,000
4	Waste Minimisation Contract				69,000	69,000
4	Refuse Collection vehicles x 3			9,400	18,800	28,200
4	Rationalisation Grounds Contract - Reduced Temporary Staff			10,000	10,000	20,000
	Sub Total	0	0	19,400	153,800	173,200
5	Improved productivity in Benefits Assessment. Increased caseload dealt with at reduced cost		110,078			110,078
5	Highways Claimed Rights	40,000				40,000
5	Council Tax improved collection rates		5,591			5,591
	Sub Total	40,000	115,669	0	0	155,669
6	Carlisle Leisure Contract	33,364	9,719			43,083
	Sub Total	33,364	9,719	0	0	43,083
	TOTAL CASHABLE	215,122	476,927	287,500	462,800	1,442,349
	Non Cashable					
1	Energy Efficiency (CTS)				5,000	5,000
2	Increased benefits assessment through homeworking initiative (RBS) – 15% more claims processed (£10,000 in years 2006/07 onwards)			10,000		10,000
3	Joint IT arrangements (CIS)				20,000	20,000
4	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			149,800
5	Improved productivity in Benefits Assessment. Increased caseload dealt with at reduced cost		15,345			15,345
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 (RBS)		47,550			47,550
	TOTAL NON CASHABLE	0	212,695	10,000	25,000	247,695
	TOTAL CASHABLE & NON CASHABLE	215,122	689,622	297,500	487,800	1,690,044



REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE AND PERFORMANCE MANAGEMENT

Date of Meeting: 29 May 2008

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: PROVISIONAL GENERAL FUND REVENUE OUTTURN 2007/08
Report of: THE DIRECTOR OF CORPORATE SERVICES
Report reference: CORP12/08

Summary:

This report summarises the 2007/08 provisional out-turn for the General Fund revenue budget and gives reasons for variances. The out-turn shows that the net underspend for Council Services as at 31 March 2008 is £367,808. Requests are made in the report to carry forward committed expenditure of £787,100, and if approved this will result in an overspend of £419,292.

It should be noted that the information contained in this report is provisional subject to the formal audit process. The Statement of Accounts for 2007/08 will be presented to the Audit Committee on 23 June and Council on 26 June, followed by a three-month audit process

Recommendations:

The Executive is asked to:

- (i) Note the net underspend as at 31 March 2008 of £367,808.
- (ii) Consider the carry forward requests of £787,100 which if all approved would result in an overspend position of £419,292
- (iii) Make recommendations to Council on 26 June on the carry forward requests.

Contact Officer: Jackie Grierson

Ext: 7289

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
29 May 2008

CORP12/08

PROVISIONAL GENERAL FUND REVENUE OUTTURN 2007/08

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 This report shows the provisional out-turn position for the General Fund Revenue budgets for 2007/08.
- 1.2 A summary of the overall position is shown at paragraph 2.3. Further details for each directorate are included in **Appendices A1 - A6** as follows:
 - (i) A comparison of the outturn position against the budget
 - (ii) An analysis of the major variances relating to both income and expenditure, with comments from the Director.
 - (iii) The items of carry forwards to cover committed expenditure to be expended in line with the original purpose. These requests follow the procedure agreed by Council with every form being signed off by the relevant Corporate Director and Portfolio holder, and the Director of Corporate Services.
- 1.3 Members should note that the information contained in this report is provisional and subject to the formal audit process. The formal Statement of Accounts for 2007/08 will be presented to the Audit Committee on 23 June and the full Council on 26 June, followed by a three-month audit period. Any necessary changes required following the approval of the 2007/08 accounts will, if necessary, be reported verbally at a future Executive meeting.
- 1.4 Please note that throughout this report
 - (i) the use of a bracket represents a favourable position i.e. either an underspend or additional income received
 - (ii) the term 'underspend' is taken to include both reduced expenditure and/or increased income
 - (iii) the term 'overspend' includes both spending above budget and/or reduced income levels

2. SUMMARY REVENUE OUTTURN 2007/08

2.1 The following table shows the revised 2007/08 budget for the General Fund:

2.2

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)
Supplementary Estimate for Tesco & Local Plan Inquiry	290,000
Revision to LABGI allocation for 2007/08	888,000
Additional LABGI allocation for 2006/07	(143,000)
Salary Review	13,800
Capacity Building budget	(14,000)
Supplementary Estimate – Save Our Lonsdale Group	30,000
Revised Budget 2007/08	19,061,300

2.3 The provisional out-turn position for the General Fund is summarised below and explanations for the main variances are provided in the appendices, with the key issues highlighted in paragraph 3.4:

Directorate	Annual Budget	Total Expenditure	Variance as at 31/3/08	Carry Forward Requests	Adjusted Variance
	£	£	£	£	£
Carlisle Renaissance	515,200	476,397	(38,803)	38,500	(303)
Community Services	11,411,100	11,639,854	228,754	218,200	446,954
Corporate Services	3,891,600	3,850,192	(41,408)	69,900	28,492
Development Services	321,500	(86,402)	(407,902)	322,700	(85,202)
Legal & Democratic	2,192,100	2,177,567	(14,533)	44,400	29,867
PPP	729,800	635,884	(93,916)	93,400	(516)
Total	19,061,300	18,693,492	(367,808)	787,100	419,292

3 EXPLANATION OF MAJOR VARIANCES

3.1 The provisional outturn position for 2007/08 results in an overspend on direct Council Services of £419,292 after taking into account potential carry forward requests of £787,100 as set out in paragraph 4.

- 3.2 The Council's original gross budget for 2007/08 was £61.79m and although there are many individual variances as detailed by Directorates in **Appendices A1 – A6**, the overspend equates to only 0.69% of this budget.
- 3.3 Members are regularly updated on the budget position throughout the year, with quarterly reports being considered by the Executive and scrutinised by Corporate Resources Overview and Scrutiny Committee. Many of the variances shown in the Appendices have previously been reported with any necessary steps to mitigate the impact on the future budget position dealt with as part of the 2008/09 budget.
- 3.4 Some of the main variances are set out below, with further explanations set out in the appendices:

(i) Shortfall in income

A large part of the outturn position is actually due to a shortfall in income as opposed to overspends of expenditure. This has been reported throughout the year, and relates in particular to the following areas:

	£	
• Bereavement Services	83,000	Appendix A2
• Parking	68,000	Appendix A2
• Land Charges	<u>46,000</u>	Appendix A5
	197,000	
• Tullie House	45,000	Appendix A2
• Development Control	<u>38,000</u>	Appendix A4
Total	<u>280,000</u>	

As reported during the year, the shortfalls in Bereavement Services, Parking and Land Charges can be offset by the additional Treasury Management income received.

(ii) Other variances

- Efficiency savings were built into the revenue budget for 2007/08, based on the delivery of several capital schemes. These related to the reorganisation of the depots and the introduction of the Document Image Processing scheme in the Customer Contact Centre. The schemes were not completed in the year, which means that £52,900 of proposed savings have not been achieved.
- Additional costs have been incurred due to the application regarding Carlisle Airport. Although some additional income was received, it was not sufficient to cover all the related expenditure.

- Costs in Area Maintenance relating to overtime and agency staff to cover vacancies are higher than budget.
- There are overspends on staffing costs and shortfall in income in Highways due to the method of reimbursement from the County Council.
- The Waste Collection service is overspent due to the impact of the introduction of the alternate weekly collection scheme in 2007/08. Additional costs for dealing with fly tipping amount to £37,000.
- As reported throughout the year, the council has struggled to meet the salary turnover target. The final position is a shortfall of £341,000 against a target of £575,600.
- Income of £24,000 has been received from Copeland in 2007/08 as a contribution towards shared services activities. This is included in the carry forward requests to be used to develop shared services in 2008/09.

4 CARRY FORWARD REQUESTS

4.1 In accordance with the Council's Constitution, any net underspending/savings on service estimates under the control of the Head of Service may be carried forward. This is to facilitate the achievement of three year budgeting which requires greater flexibility of budgets between years as set out in the Medium Term Financial Plan. Approval of carry forwards is subject to the following as contained in the Council's Constitution:

- *the authorisation of the Director of Corporate Services where the request relates to a specific committed item of expenditure where, due to external or other factors, the Head of Service has been unable to spend the approved budget by 31 March. The use of the resource will be restricted to the purpose for which the estimate was originally intended.*
- *any overspending on service estimates in total on budgets under the control of the Head of Service must be carried forward to the following year, and will constitute the first call on service budgets in the following year, unless the Council determines otherwise by way of a supplementary estimate. The Director of Corporate Services will report the extent of overspending carried forward to the Executive, Corporate Resources Overview and Scrutiny Committee and to the Council.*

The delegated power applies only in so far as the carry forwards do not take the Council into an overspend position.

4.2 Details of the carry forward requests, which itemise committed expenditure, are contained within **Appendix B**, and are profiled over the years in which it is anticipated the funding will be spent. The requests have been subject to the scrutiny of the relevant Director and Portfolio Holder prior to formal consideration by the Director of Corporate Services. However given the projected overspend on Council Services of £419,292, the Director of Corporate Services does not have delegated authority to approve all of the requests and two options are therefore available to the Executive:

- The Executive can approve the carry forward requests for recommendation to Council as a supplementary estimate (£419,292 if all requests were approved). This would have an impact on the revenue reserves to support future years' budgets; or
- The Executive could decide not to approve the carry forward requests or limit the request to the level of budget available. This would result in any carry forward requests refused being a first call on Directorates' 2008/09 budgets, which would reduce the amount available to support 2008/09 services.

4.3 For information, the table below provides details of the out-turn position (excluding funding) and level of carry forward requests over the last 5 years for illustrative purposes:

	2007/08 provisional £	2006/07 £	2005/06 £	2004/05 £	2003/04 £
Variance at 31 March	(367,808)	(1,308,523)	(1,823,670)	(1,874,393)	(1,414,267)
C/fwd requests	787,100	1,553,500	1,739,500	1,535,773	1,542,930
Final variance	419,292	244,977	(84,170)	(338,620)	128,663
Percentage variance on original gross budget	0.68%	0.41%	0.16%	0.67%	0.27%

4.4 Committed expenditure carry forward requests total £0.787m and if all were to be approved this would result in an over commitment of £419,292 for the year.

- 4.5 If Members approve all of the carry forward requests, then Council will need to be recommended to approve the carry forwards of £787,100 and note that this will require an additional contribution from reserves of £763,300 in 2008/09 with £23,800 being built into the medium term financial projections from 2009/10 onwards.

5 BALANCE SHEET MANAGEMENT

- 5.1 In line with suggested best practice, information relating to significant items on the Council's balance sheet has been reported regularly to Members during the course of the year. The Council's balance sheet as at 31 March 2008 forms part of the annual Statement of Accounts that will be considered by the Audit Committee on 23 June and approved by full Council on 26 June.

6 GERSHON EFFICIENCY SAVINGS

- 6.1 This section provides an explanation of the Annual Efficiency Statement (AES) requirements and illustrates the efficiency items identified to date, giving specific reference to the initial 3-year forecast and the 2007-08 (Backward Look) achievements. The requirements for the 2008-09 (Forward Look) under the revised arrangements are also outlined.

6.2 3-Year Efficiency Plan

- 6.2.1 The initial Gershon 3-year review period ended in March 2008. All local authorities were set an annual efficiency target, based on 2.5% of their 2004/05 baseline and a target cashable efficiency gain each year based on 1.25% of their 2004/05 baseline. This was a cumulative target, so by the end of 2007/08 each authority was expected to have achieved total efficiency gains equal to or greater than 7.5% of their baseline, and cashable gains of at least 3.75%.
- 6.2.2 The Council's original target for this period was a total efficiency saving of £1.4 million, although the forecast showed that the value of efficiencies to be delivered was actually approximately £1.7 million. **Appendix C** shows the detailed 3-year efficiency plan drawn up to meet these targets.
- 6.2.3 The majority of efficiency savings identified as part of the process were incorporated into the base estimates as part of the annual budget process. Any savings not achieved or deferred to a future year have an impact on the budgetary position of the Council. For these reasons, the situation has been closely monitored and addressed through the budget monitoring/performance management process as adopted by the Council.

6.3 2007/08 Backward Looking AES

6.3.1 The final provisional position for 2007/08 is detailed in the statement attached as **Appendix D**. The 2007-08 Backward Looking AES will be submitted to the DCLG in early July 2008 and will incorporate: -

- Changes arising from guidance received from the Government, which has resulted in some new efficiencies being included and others being withdrawn because of eligibility.
- Cashable gains– recurring efficiencies
- Non-cashable gains
- New proposals

6.4 Efficiency Plans for 2008/09 Onwards

6.4.1 The Efficiency Agenda is set to continue in 2008/09, following the Chancellor's announcement in his 2007 Budget that an ongoing cash-releasing efficiency target of 3% per annum will be required from 2008/09 as part of the 2007 Comprehensive Spending Review.

6.4.2 Financial projections indicated a shortfall in the Council's budget requirement in both 2008/09 and in following years. To address this shortfall a new budget discipline was approved and implemented as part of the 2008/09 budget process.

6.4.3 One of the key areas in the new budget discipline identifies the need for a strategy to:

- Deliver service improvement reviews, providing effective service delivery whilst pursuing a 5% reduction the Council's gross revenue budget,
- Carry out an asset review to deliver recurring income or a reduction in cost
- Develop shared services to achieve 3% cashable savings
- To carry out a review of those services which do not fall within the Council's core priorities

6.4.4 The identification of efficiency proposals will form an integral part of the process and will remain as a continuing pressure for the Council in future years. The schedule of efficiencies proposed for the year 2008-09 has been reviewed and amended where necessary to reflect:

- Changes arising from new guidance received from the Government, which has resulted in the inclusion of one new efficiency gain in the statement.
- Revision to existing proposals where more up to date information has been provided.

6.4.5 The 2008-09 Forward Looking AES is to be submitted to DCLG by July 2008 and a summary will be included in the first quarterly Revenue Budget Overview and Monitoring Report for 2008.

7 CONSULTATION

7.1 Consultation to Date.

SMT and SPG have considered the issues raised in this report.

7.2 Consultation proposed.

Corporate Resources Overview & Scrutiny Committee will consider the report on 12 June 2008.

8 RECOMMENDATIONS

The Executive is asked to:

- (i) Note the net underspend as at 31 March 2008 of £367,808.
- (ii) Consider the carry forward requests of £787,100 which if all approved would result in an overspend position of £419,292
- (iii) Make recommendations to Council on 26 June on the carry forward requests

9 REASONS FOR RECOMMENDATIONS

As stated above.

10 IMPLICATIONS

- Staffing/Resources – Not applicable
- Financial – Contained within the main body of the report
- Legal – Not applicable
- Corporate – SMT and SPG have been involved in the preparation of this report.
- Risk Management – Risk to future years budget and development of ongoing impact of issues identified will be monitored carefully in budget monitoring reports and appropriate action taken
- Equality Issues – Not applicable
- Environmental – Not applicable
- Crime and Disorder – Not applicable

ANGELA BROWN
Director of Corporate Services

Contact Officer: Jackie Grierson

Ext: 7289

This table incorporates changes submitted as part of the 2007/08 Forward Looking AES and provides a statement on the year end position

	Target 2007/08	Provisional Forecast as at 31/03/08	Variance	Comments on 2007/08 Efficiency Measures
	£	£	£	
Cashable - Recurring				
Capital receipts – income from interest	147,000	85,435	(61,565)	Reduced Value of Sales in Year
Rationalisation of Depots	10,000	0	(10,000)	Maintenance Budgets reduced on two depots by £10,000. The proposed Bitts Park Depot Project has not commenced therefore costs have been incurred over the revised budget to date and indicate that the objective will not be achieved.
Energy Efficiency - Procurement	15,000	7,500	(7,500)	New "Green" Electricity contract commenced 01/10/07. Civic Centre and Tullie House are not party to this contract due to existing arrangements.
Energy Efficiency	10,000	0	(10,000)	
Rates Appeals	20,000	0	(20,000)	
Restructure	80,000	131,888	51,888	Management Restructure savings of £80,000 included in 2007/08 Base Budget - Efficiency Rules allow for gross savings before re-distribution
IT Procurement	7,000	7,000	0	Procurement of new PC's via Framework Agreement. 4 Year replacement programme 2006-2010
Central Mail & Document Image processing	20,000	0	(20,000)	This exercise is part of 2007/08 Capital Programme and may be integrated into the wider ERDMS project. This exercise may not commence until April 2008 and efficiencies are therefore unlikely to be obtained.
Reduced Overtime Working	56,000	0	(56,000)	A 10% target of the 2006/07 budget was included in the 2007/08 estimates. Current indicators reveal that overtime costs are £125,000 over budget forecast. This may be offset by Salary Savings and reduced Agency employee costs but will also need to consider the 07/08 pay award and Job Evaluation exercise.
Rationalisation of Grounds Contract - reduced temporary Staff	10,000	0	(10,000)	Savings not achieved. At January 2008 employee costs had increased by £14,000.
Waste Minimisation Contract	69,000	0	(69,000)	This item has been deferred to 2008/09
Refuse Collection vehicles x 3	18,800	18,800	0	Savings achieved through outright purchase of vehicles compared with leasing costs
Cashable totals	462,800	250,623	(212,177)	
Non Cashable				
Energy Efficiency - Payment Administration	5,000	2,500	(2,500)	As of October 2007 the New electricity contract arrangements will present a summary electronic invoice on a monthly basis for 54 sites. This has centralised the invoice payment process and significantly reduced the number of payment transactions required.
Joint IT Arrangements	20,000	0	(20,000)	Revenue was forecast to increase by £20,000 per annum due to increase in IT support services to external partners. The IT Section's employee salary and overtime costs show a corresponding increase.
Sickness Absence	0	93542	93,542	Further improvements in Sickness absence performance as the number of days lost per employee has reduced from 7.96 to 6.91.
Non Cashable Totals	25,000	96,042	71,042	
Customer Contact Centre			0	in relation to actual costs 2003/04 - 2005/06 inc.
Cashable & Non Cashable total for 2007/08	487,800	346,665	(141,135)	