



REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE AND PERFORMANCE MANAGEMENT

Date of Meeting: 16 February 2009

Public

Key Decision: No

Recorded in Forward Plan:

No

Inside Policy Framework

Title: REVENUE BUDGET OVERVIEW AND MONITORING REPORT:
APRIL TO DECEMBER 2008

Report of: THE DIRECTOR OF CORPORATE SERVICES

Report reference: CORP84/08

Summary:

This report provides an overview of the Council's overall budgetary position for the period April to December 2008 for revenue schemes only. The revenue report includes details of balance sheet management issues, high-risk budgets, performance management, and progress against efficiency requirements.

Recommendations:

The Executive is asked to:

- (i) Note and comment on the budgetary and performance position of the Council to December 2008;
- (ii) Note the potential forecast year end position for 2008/09; and
- (iii) Note the planned efficiencies

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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
16 February 2009

CORP84/08

REVENUE BUDGET OVERVIEW AND MONITORING REPORT APRIL TO DECEMBER 2008

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. It is the responsibility of individual 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.
- 1.3 Throughout the report, the use of brackets indicates a credit or income budget, and the term underspend also relates to additional income generated.

2. REVENUE BUDGET OVERVIEW

- 2.1 The following statement shows the total annual revenue budget as at December 2008:

2008/09 Revenue Budget	£
Approved Budget (Council resolution – February 2008)	18,098,000
Carry forward requests (2007/08 out-turn)	624,000
Non-recurring supplementary estimates (para. 2.2)	319,900
Revised Budget 2008/09 at December 2008	19,041,900

2.2 The non-recurring supplementary estimates approved to date and included above are:

	£
East Cumbria Countryside Partnership	22,500
Tullie House Governance options	50,000
Contaminated Land	68,000
ICT Shared Services	49,000
Arts Service Review	130,400
Total	319,900

3. 2008/09 BUDGET MONITORING

3.1 The summarised budgetary position as at December 2008 is shown below, including the adjusted variance as at December 2007 for comparison:

Directorate	Annual Net Budget £	Net Budget To Date £	Net Expenditure to Date £	Adjusted Variance 2008/09 £	Adjusted Variance 2007/08 £	Note
Carlisle Renaissance	359,900	199,125	196,944	(2,181)	(58,468)	
Community Services	11,848,700	8,878,856	9,218,073	339,217	(18,049)	4.7
Corporate Services	3,662,200	2,602,610	1,395,472	(1,207,138)	(37,102)	4.8
Development Services	(154,800)	(270,241)	(414,960)	(144,719)	(236,774)	4.9
Legal & Democratic Services	2,454,000	1,812,324	1,861,802	49,478	(19,057)	4.10
People, Policy & Performance Services	871,900	491,006	471,104	(19,902)	17,011	
Total	19,041,900	13,713,680	12,728,435	(985,245)	(352,439)	

3.2 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.

4. KEY ISSUES

4.1 The Vacancy Management Savings budget is a corporate target for the Council. Savings from across the authority are transferred following decisions by SMT to delete vacated posts or make savings by reorganising workloads within the services. The full year target for 2008/09 is £500,000. The target for April to December is £470,000 and transfers of £139,900 have been made (including £12,000 for flexible retirement), thus a deficit of £330,100 is showing against the budget to date.

- 4.2 The Salary Turnover Savings budget is a corporate target for the Council and is held within the Corporate Services directorate. Savings from salary budgets across the authority are measured and then transferred to it. The full year target for 2008/09 is £592,900 and transfers of £399,500 have been made against the nine months target of £444,700, as set out in Appendix A3, hence the deficit of £45,200. Although the situation on this target has improved it should be noted that this includes savings of £19,600 relating to strike deductions, hence the potential shortfall of £160,100 forecast of the year end position in paragraph 5.2. The Salary Turnover target has not been achieved for the last two financial years. This is being addressed as part of the budget process. Additional savings are expected as a result of the resignation of the Director of Development Services and the agreement with Allerdale for the provision of a joint Head of Paid Service.
- 4.3 The National Pay Agreement in 1997 included a commitment to harmonise terms and conditions for all local authorities' staff and it was agreed that this is to be addressed by Carlisle City Council as part of the implementation of job evaluation. The maximum annual liability for overtime, sick and annual leave was estimated to be £112,322 and Council approved the draw down of this amount in 2007/08 from the £1,000,000 earmarked for the implementation of the Pay and Workforce Strategy Project, pending efficiency savings being identified. The actual cost of the Single Status implications in 2007/08 was in excess of £133,000 and, to date, there has been no specific savings identified for the ongoing liability in 2008/09. This is placing considerable pressure on the affected areas within Community Services and is being addressed as part of the exercise to identify the full costs of the Pay and Workforce Strategy.
- 4.4 Members will be aware that although there is no specific requirement from HM Revenues and Customs to do so, officers have continued to monitor the Council's partial exemption limit in 2008/09. For the nine months period to December 2008, the Council is well below the 5% limit at 1.28%. However, HMRC are reviewing the process for future years and initial guidance received from HMRC indicates that formal individual authority calculations will now be required from 2009/10. Reliance on other data sources to ensure that the sector as a whole remains substantially below the 5% limit is not deemed to be legal and HMRC will revert to looking at individual breaches of the 5% limit on a case-by-case basis during 2009/10.

- 4.5 Members will also be aware that an external firm of accountants has been instructed to carry out work and to submit claims to HMRC on our behalf, following the decision made by the House of Lords that the three-year limit on VAT claims was unlawful. To date four claims have been submitted and two of these have been accepted and paid by HMRC. The successful claims relate to Excess Charge Notices and Employee Business Mileage expenses and the total refund due to the Council is £125,452. This money will be held centrally until the year-end, at which point it will be allocated to services in accordance with BVACOP. Statutory interest is also due in relation to these claims which amounts to an additional £106,003. This will be credited to the Treasury Management interest account, again in accordance with BVACOP. Neither of these claims has a recurring impact for budget purposes with the refund being a one-off payment. The two other claims relate to 'cultural' services and to 'leisure' activities. HMRC have accepted the 'cultural' claim which amounts to approximately £253,000 with potential statutory interest of a further £200,000 and the payments should hopefully be received in the next two/three weeks. A fee of 20% is due to PWC from these amounts. The accounting treatment will be the same as the other two successful claims. HMRC are still taking legal advice on the basis of the 'leisure' claim that has been submitted and a ruling is expected within the next month. This claim amounts to approximately £437,000 plus interest. These benefits are not yet reflected in the figures in this report.
- 4.6 Progress has been made in respect of the Lanes rent consolidation, and Members should note that, based upon the provisional figures submitted by the managing agents, the equity rent (based upon 23.6641% of the net income) now applies with effect from 2006/07. Currently there is a guaranteed rental income of £1.4m but now that this had been exceeded, approximately £170,000 will be due to the Council for 2006/07. Additional income is also anticipated for both 2007/08 and 2008/09, although the exact figures are being calculated as the final head rent reconciliation's are still to be provided from the managing agent. Members should also note that now the guaranteed rent figure has been exceeded (i.e. application of the equity rent), the rental income received by the Council will be subject to normal market conditions and fluctuations, and there is a risk that the income could be below the guaranteed rent figure.
- 4.7 The main variances in the **Community Services** are as follows:
- £119,400 overspend on Buildings Maintenance is mainly due to sub contractor costs and under achievements against external income. There has been an overspend in this area in the last two financial years and a Building Efficiency Improvements Review was considered by Council in January 2009 and a

supplementary estimate approved of up to £375,700 to fund any non-recurring costs arising from this;

- £23,800 under achieved income for the provision of non-statutory Pest Control services and, due to the effects of global warming, this position is exacerbated by an increase in the volume of those services required by statute.
- £127,800 overspend on Highways Maintenance is due to schemes and projects either deferred or not yet started. These include the £89,300 underspend on Small Scale Projects and £61,400 for external schemes and it is anticipated that these will be complete or substantially progressed by the year end.
- £106,700 overspend on Parking is due to a shortfall in income of £32,600 from tickets and £40,200 from PCN's. In addition, there has been a shortfall in income of £67,200 from PCN's relating to the On Street Parking scheme, provided for the County on an agency basis and it has now been agreed that they will fund any deficit on the contract;
- £149,200 overspend on Recycling and Waste Management, almost £80,000 of this is due to the additional costs of vehicle lease buy-outs and £33,000 for fuel costs. A significant amount of this is expected to be met from capital receipts due to be received in 2009/10 when the disposals have taken place of these lease buyouts. In addition higher agency staff and tipping charges have been partly offset by increased income levels. The £25,000 per annum projected saving originally anticipated by the rationalisation of depots, and included in the revenue budgets for 2008/09 onwards, has been slightly offset by £9,000 rental income from United Utilities for Willowholme depot and it is unclear at this stage if the balance will be achieved.

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

- £387,300 'overspend' relating to the corporate Vacancy Management and Staff Turnover target budget (see paragraphs 4.1 and 4.2 above);
- £941,100 underspend due to savings on the treasury management account. The largest saving has been achieved due to there being no requirement to make a minimum revenue provision (MRP) in 2008/09. As a result, the original budget of £582,200 will not be required. The other principal reason for the underspend relates to the additional investment income that has been earned in 2008/09. Until very recently, actual money market interest rates were well in excess of both bank rate and the City Council's original interest rate forecast for this financial year. As at the end of December, investment interest was achieving nearly 6% and was £362,000 ahead of the projected budget at this point in the year. The outturn for 2008/09 is currently budgeted to be £350,000 higher than the estimate and this sum should still be achievable. This is despite the fact that interest rates on new investments are now at historically low levels, following the major interest

rate reductions in the past three months and also that the Council's pattern of cash flow usually turns negative in the last quarter of the year.

- £214,100 underspend on Insurance resulting from the tender of the new contract;
- £49,400 additional income recovered for court costs;
- £315,600 underspend on the anticipated cost of the Concessionary Fares contractor payments. Current trends suggest that the year end underspend may be as high as £300,000 based on ridership trends and the inclement weather severely reducing the numbers used for the original budget.

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

- £187,700 underspend in Industrial Estates mainly due to compensatory payments from United Utilities during flood alleviation works and additional income from rent review's arrears' payments;
- £78,100 overspend in Development Control is due to environmental and noise assessment costs of £19,200 at the airport, £20,000 for Kingswood settlement costs, additional costs of advertising and reduced income.

4.10 The main variance in **Legal and Democratic Services** is:

- £105,900 overspend in Land Charges due mainly to under achieved income from search fees due to the slow down in the housing market.

5. **FORECAST OUTTURN POSITION – 2008/09**

5.1 Although it is difficult to forecast an outturn position, the information contained within section 4 points to difficulties in the year ahead in containing expenditure within budget. The Council's financial position is affected by a number of external factors and these will have a financial impact during the course of the year and ultimately at the year-end. These include:

- The general effect of the economic climate on the Council's income streams e.g. car parking and leisure activities
- Fuel prices, energy costs and other inflationary increases
- Concessionary fares
- The effects of the housing market and property prices, especially with regard to income from land charges and rents.

5.2 The impact and likely long term consequences of these issues continue to be closely monitored and will be fully reported at outturn but an attempt has been made to provide some very broad estimates of the potential year end position of these and the points highlighted in section 4, in the tables below:

Potential Year End Additional costs/Shortfalls in income

	£
• Vacancy Management	330,000
• Salary Turnover Savings	160,100
• Increased energy costs	128,000
• Increased fuel costs	97,000
• Shortfall in car parking income	147,000
• Shortfall in pest control fees	35,000
• Shortfall in land charges income	203,000
• Building Maintenance costs	120,000
• Recycling vehicle contract termination costs	100,000
• Recycling costs	<u>35,000</u>
	<u>1,355,100</u>

Potential Year End Reduction in costs/Additional income

	£
• Additional investment income	(350,000)
• Reduced Concessionary Fares payments	(300,000)
• Additional recovery of overpaid benefits	(30,000)
• Savings on insurance tender	(214,000)
• Industrial Estates backdated rent income	(220,000)
• VAT refund	(232,000)
• Audit fee	(20,000)
• Savings in MRP	<u>(580,000)</u>
	<u>(1,946,000)</u>

Net saving **(590,900)**

- 5.3 This net positive position is mainly due to savings on the Insurance tender and MRP reported to the Executive in April 2008. Further improvements have since been achieved offset by the shortfalls as detailed above. Although the overall position projected at the year end looks positive, a prudent approach will still be required to ensure a sustainable budget position for future years as many of the positive benefits for the current year are non-recurring.

6. HIGH RISK BUDGETS

- 6.1 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 2008/09 Council Resolution.
- 6.2 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 £
Car Parking	(1,552,000)	(1,207,623)	(1,134,543)	73,080
Bereavement Services	(1,046,800)	(768,959)	(698,574)	70,385
Tullie House	(78,100)	(58,586)	(62,965)	4,378
Land Charges	(325,500)	(244,158)	(99,090)	145,068

- 6.3 Following the pattern of previous years, the income generated from penalty charge notices and car park ticket sales continues to decline. The annual budget for 2008/09 was reduced to take account of that trend by £82,000 to represent a more realistic level in the light of actuals in previous years. However, for the period April to December 2008 the income actually generated has declined further against the profiled target. Factors to be taken into account to project the year-end shortfall at this stage include the impact of reduced spaces due to flood defence works, the Green Travel Plan and the economic downturn. The charges review and car park strategy more fully considers the implications for future years' prices and budgets.
- 6.4 The 2008/09 budget for income from Bereavement Services was reduced by £42,000 in anticipation of a continuing downward trend. There is a shortfall of £70,385 as at December, due to a lower death rate than that incorporated in the income estimate. The position continues to be closely monitored and the charges review considers more fully any implications as above.
- 6.5 Income for Tullie House has consistently been lower than the level budgeted for a number of years. When raised as a budget issue previously the service was asked to meet any shortfall from within existing budgets and various savings have been used to reduce the annual budget level. The result of a service review is due to be reported separately to the Executive.

- 6.6 The annual budget for income from Land Charges was reduced by £53,000 for 2008/09. There is a shortfall of £145,068 against the budget to the end of December, due to a downward trend in the housing market (refer to Director's comments in paragraph 4.10).

7. USE OF RESOURCES IMPROVEMENTS

7.1 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 31/3/08	Balance at 31/12/08	Note
Investments	£22.8m	£32.1m	(i)
Loans	£15.1m	£15.1m	(ii)
Debtors	£ 2.6m	£ 1.7m	(iii)
Creditors	£ 1.7m	£ 0.1m	

- (i) The anticipated return on these investments was estimated during the budget cycle for 2008/09 at £1,557,000. The revised estimate for this year will be increased due to the effects of the "credit crunch" that has resulted in much higher market interest rates for the current year.
- (ii) The cost of managing this debt, in terms of interest payable, is at a fixed rate at £1,325,100 in 2008/09 and costs are currently on target. There are no proposals for further borrowing during 2008/09, 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 21/08), approved by full Council in September 2008. It is anticipated that £2.4m will be required from the Council's Revenue Reserves (£1m for PWS, £2.123m for non-recurring expenditure and contribution to reserves relating to recurring expenditure of £0.686m) to fund revenue

expenditure in 2008/09. Any under or overspend at the year end will adjust the balance transferred to or from the reserve.

7.2 Priorities and Performance

The Corporate Performance Monitoring Report for the third quarter of 2008/09 is considered elsewhere on the agenda. The 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), is acknowledged, and work continues to further develop the links between performance, financial reporting and Council priorities.

7.3 Efficiency Savings – Annual Efficiency Statement

Comprehensive Spending Review (CSR07) – 2008/09 Onwards

Local Government is expected to achieve at least 3% per annum net cash-releasing value for money (VfM) gains over the period 2008-2011. The previous 3 year period efficiency target under Gershon was 2.5% additional per annum (i.e. 2.5%, 5%, and 7.5%). In CSR07, the target is now multiplicative (i.e. 3%, 6.1%, 9.3%) and by using the baseline expenditure figure, as prescribed by DCLG this produces a significant increase in the value of efficiencies required to be found over the period 2008-2011.

The CSR07 VfM delivery plan states that, unlike Gershon, there will be no mandatory VfM target for all Councils. However, it is considered prudent for this Council to calculate its own baseline figures as a means to accurately monitor its progress.

The initial submission to the DCLG in May 2008 incorporated efficiency targets based on the 2007/08 budget, which is included in the table below at column A. Following the final accounts process a revised calculation based on the actual position of the 2007/08 financial year has been produced and included in the following table at column B. This table illustrates the current baseline and annual efficiency targets over the CSR07 period using the overall multiplicative targets: -

		£ (A)	£ (B)
2007/08 Baseline	Total Net Service Expenditure	22,679,000	23,363,000
	Total Capital Expenditure	6,016,000	9,309,000
	Total Baseline =	28,695,000	32,672,000
2008/09 Target	3.00%	860,850	980,160
2009/10 Target	6.10%	1,750,395	1,992,992
2010/11 Target	9.30%	2,668,635	3,038,496

The 2008/09 Forecast Annual Efficiency Statement (AES) was submitted to the Department of Communities and Local Government (DCLG) at the end of October and included any budget reductions that were identified in the 2008/09 budget setting process deemed to be applicable efficiency savings as defined by CSR07.

The 3rd quarter monitoring report can be found at Appendix B and provides information regarding the revised targets and savings achieved as at the end of December 2008.

8. CONSULTATION

8.1 Consultation to Date.

SMT and SPG have considered the issues raised in this report and Corporate Resources Overview & Scrutiny Committee considered the report on 11th February 2009.

9. RECOMMENDATIONS

The Executive is asked to:

- (i) Note and comment on the budgetary and performance position of the Council to December 2008;
- (ii) Note that potential forecast year end position for 2008/09; and
- (iii) Note the planned efficiencies

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.

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Director of Corporate Services

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CARLISLE RENAISSANCE**Position as at 31 December 2008**

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	359,900	0	0	359,900
Budget to date	709,125	(510,000)	0	199,125
Total Actual	701,054	(504,110)	0	196,944
Variance	(8,071)	5,890	0	(2,181)

Analysis of Variances

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £
Carlisle Renaissance	1	(24,591)	0	(24,591)
Pre Approval Project		13,178	6,012	19,190
External Staff		3,342	(122)	3,220
Total Variance to date		(8,071)	5,890	(2,181)

Director's comments

Carlisle Renaissance was awarded ringfenced funding of £1,020,000 in 2005/06 to cover the period to 31st March 2009. The same constraint will need to be applied to the MTFP allocation to 2010/11.

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

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	31,172,800	(8,828,000)	(10,496,100)	11,848,700
Budget to date	23,615,036	(7,019,445)	(7,716,735)	8,878,856
Total Actual	23,386,713	(6,790,932)	(7,377,708)	9,218,073
Variance	(228,323)	228,513	339,027	339,217

Analysis of Variances

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £
Garage	1	(18,857)	39,261	20,404
Building Maintenance	2	15,511	103,921	119,432
Bereavement Services	3	(10,790)	62,236	51,446
Pest Control	4	(597)	23,756	23,159
Highways Claimed Rights	5	(168,109)	172,940	4,831
Highways Maintenance	6	5,883	121,885	127,768
CCTV	7	(28,680)	8,428	(20,252)
Small Scale Projects	8	(89,298)	0	(89,298)
Public Lighting	9	(37,442)	66	(37,376)
Car Parking	10	(57,459)	164,130	106,671
Recycling & Waste Management	11	288,203	(138,955)	149,248
Tullie House	12	(22,249)	(20,798)	(43,047)
Miscellaneous variances	13	(104,439)	30,670	(73,769)
Total Variance to date		(228,323)	567,540	339,217

Director's Comments

1. Shortfall in fees offset by reduced supplies and materials. The service has been affected by the additional costs of Single Status long term sick leave pay arrangements.
2. Overspend on costs of operations and unachieved external income is partly offset by underspent staff costs. Council has now approved the service review changes, to be implemented from 2009/10.
3. Shortfall in cremation fees received partly offset by surplus income from burial rights and interments.
4. Shortfall in fees for non statutory services due to the effects of global warming.
5. Underspends on insurance provision and schemes with resultant reduction in income and fees.
6. Shortfall on fees recharged and income due to schemes not yet started or deferred, including Small Scale projects, Highways Claimed Rights and Castle Street.
7. Underspend on maintenance, repairs and BT transmission costs
8. Underspent on all minor projects.
9. Underspend on maintenance and new lighting costs.
10. Shortfall in income across all car parks, contracts and PCNs.
11. Overspend relating particularly to the buy-out cost of the vehicle leases and fuel costs; the additional costs of the alternative weekly collection scheme (agency staff & tipping charges), partly offset by additional income.
12. A shortfall in income from sales and admissions is more than offset by additional income from catering and conferences underspent advertising costs. The service review of Tullie House governance is due to be reported separately.
13. Savings in management and admin, and repair and maintenance costs.

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

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	37,512,100	(29,752,200)	(4,097,700)	3,662,200
Budget to date	28,467,555	(21,671,949)	(4,192,996)	2,602,610
Total Actual	28,562,695	(23,995,575)	(3,171,648)	1,395,472
Variance	95,140	(2,323,626)	1,021,348	(1,207,138)

Analysis of Variances

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £
Director of Corporate Services	1	(36,133)	(191)	(36,324)
Treasury Management	2	(578,361)	(362,701)	(941,062)
Other Financial Costs	3	417,474	(8,097)	409,377
Insurance Holding account	4	(216,567)	6,483	(210,084)
Recovery	5	2,932	(49,323)	(46,391)
Concessionary Fares	6	(309,189)	(6,399)	(315,588)
Benefits Payments and Subsidy	7	114,716	(160,925)	(46,209)
Miscellaneous variances		700,268	(721,125)	(20,857)
Total Variance to date		95,140	(1,302,278)	(1,207,138)

Director's Comments

1. A budget of £100,000 for 2008/09 for Shared services Efficiency savings is held here, with £10,000 for ICT, £25,000 for RBS Shared Services, £13,400 to CLS and £10,000 for Waste Services allocated to date. The balance has all now been committed to ICT Shared Services (subject to approval at this meeting).
2. Reduced MRP charge and increased investment interest. Part of this is due to VAT as explained in para 4.5.
3. Under achieved savings of £342,100 for Vacancy Management and £45,200 for Salary Turnover.
4. Savings from the tender for the new insurance contract.
5. Additional recovery of court costs.
6. Under budget contractor payments.
7. Savings on payments and subsidies.

DEVELOPMENT SERVICES**Position as at 31 December 2008**

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	8,546,300	(7,451,300)	(1,249,800)	(154,800)
Budget to date	6,346,278	(5,679,037)	(937,482)	(270,241)
Total Actual	6,834,685	(6,311,510)	(938,135)	(414,960)
Variance	488,407	(632,473)	(653)	(144,719)

Analysis of Variances

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £
Industrial Estates	1	(12,443)	(175,262)	(187,705)
Corporate Properties	2	(15,046)	(9,509)	(24,555)
Development Control	3	73,215	4,891	78,106
Building Control Operations	4	(8,652)	32,637	23,985
Decent Homes	5	(2,239)	(24,869)	(27,108)
Miscellaneous variances		453,572	(461,014)	(7,442)
Total Variance to date		488,407	(633,126)	(144,719)

Director's Comments

1. Additional income from compensation, rent review arrears and change of use payments.
2. Underspent expenses.
3. Overspend on Airport environmental and noise assessment costs and reduced income.
4. Reduced staff costs and income due to fall in workload.
5. Surplus fees.

LEGAL & DEMOCRATIC SERVICES**Position as at 31 December 2008**

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	3,991,900	(593,900)	(944,000)	2,454,000
Budget to date	3,041,600	(521,173)	(708,103)	1,812,324
Total Actual	2,976,560	(404,558)	(710,200)	1,861,802
Variance	(65,040)	116,615	(2,097)	49,478

Analysis of Variances

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £
Land Charges	1	(39,178)	145,068	105,890
Mayor's Charity Account		3,347	(20)	3,327
Miscellaneous variances		(29,209)	(30,530)	(59,739)
Total Variance to date		(65,040)	114,518	49,478

Director's Comments

1. Reduced income from search fees is partly offset by underspent expenses, due to the slow down in the housing market.

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

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	3,391,400	(295,900)	(2,223,600)	871,900
Budget to date	2,401,137	(293,875)	(1,616,256)	491,006
Total Actual	2,375,827	(298,943)	(1,605,780)	471,104
Variance	(25,310)	(5,068)	10,476	(19,902)

Analysis of Variances

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £
Miscellaneous		(25,310)	5,408	(19,902)
Total Variance to date		(25,310)	5,408	(19,902)

Director's Comments

There are no major variances to date on which to comment, however potential high risk areas identified in the 2007/08 Outturn report included the Job Evaluation process and ACE2 project. Any slippage will be closely monitored.

Item	Applicable Efficiency Measures	2008/09 Original Forecast	2008/09 Revised Forecast	2008/09 Actual to date	2009/10 Forecast	2010/2011 Forecast	SI&ER	Measurement Basis: -	2008/09 Progress Notes:
Proposed Revenue Budget Reductions 2008/09 - 2010/11									
1	Income in Excess of Target - Development Services	53,000	53,000	0	14,000	14,000		Needs to demonstrate increased staff performance	Not considered Applicable Efficiency Measure
2	Income in Excess of Target - Licensing	3,000	3,000	0	3,000	3,000		Needs to demonstrate increased staff performance	Not considered Applicable Efficiency Measure
3	Shared Service income (Revs & Bens Management Copeland)	25,000	25,000	25,000	25,000	25,000	YES	Providing no additional R&B resources employed	See Schedule of Improvement & Efficiency Reviews
4	Energy Efficiency Advice Centre	35,000	35,000	35,000	35,000	35,000	YES	Same service by different provider. TUPE Transfer	See Schedule of Improvement & Efficiency Reviews
5	Review Operation of TIC	23,000	23,000	23,000	46,000	46,000	YES	Increased capacity through joint working	See Schedule of Improvement & Efficiency Reviews
6	Community Services Review	53,000	37,000	37,000	60,000	153,000	YES	Dependant on outcome of service review	See Schedule of Improvement & Efficiency Reviews
7	Printing & Copying Review	40,000	40,000	0	40,000	40,000	YES	Providing no detrimental effect on service	See Schedule of Improvement & Efficiency Reviews
8	Vacancy Management	500,000	330,000	139,900	440,000	640,000	YES	Providing no detrimental effect on service	See Schedule of Improvement & Efficiency Reviews
9	Renewals Reserve Savings	206,000	206,000	206,000	245,000	422,000		Alternative method of financing required	Achieved to date.
10	Conference Group	15,000	15,000	15,000	29,000	29,000	YES	Through revised working practices aims to be self funding	See Schedule of Improvement & Efficiency Reviews
11	Shared Management Arrangements (SERCO)	0	0	0	175,000	1,000,000		Savings achieved through shared management arrangements - better use of resources through more efficient structure	2009/10 Issue
12	SERCO - Improved Service Planning (Shared services)	0	0	0	0	1,080		Savings achieved through shared management arrangements - better use of resources through more efficient structure	2010/11 Issue
13	Carbon Trust - Invest to save.	0	0	0	5,000	27,000		Capital investment - Should be savings achieved in energy usage (not necessarily reduction in cost price increase. Will need evidence of reduced energy usage on period to period basis for comparison).	2009/10 Issue
14	Stores	7,250	7,250	0	7,250	7,250	YES	Based on 5% of 2008/09 Budget = (£48,600+ £96,400)	See Schedule of Improvement & Efficiency Reviews
15	Customer Services	36,200	36,200	0	36,200	36,200	YES	Based on 5% of 2008/09 Budget = £724,000	See Schedule of Improvement & Efficiency Reviews
16	ICT Shared Service	0	0	0	3,000	75,000	YES	Based on September 2008 Business Case	See Schedule of Improvement & Efficiency Reviews
17	ICT Shared Service - Capital Expenditure	0	0	0	163,000	12,000		Capital investment savings through better use of resources through joint working.	2009/10 Issue
	Total Revenue Budget Reductions	996,450	810,450	480,900	1,326,450	2,565,530			
Other Reductions 2008/09 - 2010/11									
18	Shared Chief Executive Arrangement	0	46,000	31,000	0	0		Income received from Allerdale for Shared Chief Executive	Invoice despatched for period to Dec 2008.
19	Asset Disposals	0	11,000	2,000	11,000	11,000		Sum of notional interest achievable on sale of operational assets - Calculate average base rate for year and multiply by length of time asset sold during year (based on £500,000 receipts for 6 months of year)	Reflects lower receipts from sale of Capital Assets.
20	Building Maintenance Review	0	0	0	0	0	YES	Reduction in Budget - Need to ensure that service level remains consistent - Same level of work with less employees	See Schedule of Improvement & Efficiency Reviews
	Total Other Reductions	0	57,000	33,000	11,000	11,000			
Improvement/Efficiency Reviews									
21	Creditors	20,000	20,000	0	20,000	20,000	YES	Minimum of £20k DIP transferred from Customer Services	See Schedule of Improvement & Efficiency Reviews
22	Marketing	14,725	14,725	0	14,725	14,725	YES	Suggest this should be Communications Unit budget of £294,500.	See Schedule of Improvement & Efficiency Reviews
23	Procurement	100,000	100,000	75,000	100,000	100,000	YES	Included in Base Budget 2008/09	See Schedule of Improvement & Efficiency Reviews
	Total Improvement /Efficiency Reviews	134,725	134,725	75,000	134,725	134,725			

Applicable Efficiency Measures (Revised 08/09)	1,131,175	1,002,175	588,900	1,472,175	2,711,255
Forecast Cumulative Efficiencies (Revised 08/09)		1,002,175		2,474,350	5,185,605

2007/08 Baseline Expenditure (Based on RO Forms)	32,672,000
Efficiency Targets	3% 6.10% 9.30%
Cumulative Targets	980,160 1,992,992 3,038,496
(Shortfall)/Increase over target	22,015 481,358 2,147,109

No's 1,2, Not Considered Applicable
 Nos 14,15,16,17 Additions via Exec Budget proposals 19/01/2009
 No's 18,19,20, Other proposals.
 SI&ER = Schedule of Improvement/Efficiency Reviews

Target for period = £751,631. Currently Achieving £588,900 (Shortfall of £162,731)