



CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Committee Report

Public

Date of Meeting: 21 February 2008
Title: REVENUE BUDGET OVERVIEW AND MONITORING REPORT:
APRIL TO DECEMBER 2007
Report of: THE DIRECTOR OF CORPORATE SERVICES
Report reference: CORP 86/07

Summary:

This report provides an overview of the Council's revenue budgets for the period April to December 2007. As well as monitoring the budgets, the report includes details of balance sheet management issues and progress against the Gershon efficiency statement.

Members' attention is drawn to the budgetary position as at December 2007, which shows an underspend of £352,439. The majority of the underspend is attributable to grant income that has been received but not yet allocated; this is offset by a shortfall against a number of income budgets including Car Parking and Bereavement Services, although the position appears to be improving. Further details of the position of each directorate can be found in Appendices A1 to A6, whilst Appendix B shows significant virements processed in the period. Gershon savings have been identified and remain on target; details can be found in Appendix C.

Recommendations:

Members of the Corporate Resources Overview and Scrutiny Committee are asked to note the budgetary position for the period April to December 2007. The Executive considered this report on 18 February 2008.

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



REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE AND PERFORMANCE MANAGEMENT

Date of Meeting: 18 February 2008

Public

Key Decision: No

Recorded in Forward Plan: No

Inside Policy Framework

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

Report of: THE DIRECTOR OF CORPORATE SERVICES

Report reference: CORP86/07

Summary:

This report provides an overview of the Council's overall budgetary position for the period April to December 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, 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.

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
18 February 2008

CORP86/07

REVENUE BUDGET OVERVIEW AND MONITORING REPORT
APRIL TO DECEMBER 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, providing financial 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 revenue budget as at December 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)
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)
Revised Budget 2007/08	19,031,300

2.2 The Council approved a supplementary estimate of £290,000 in October to fund the additional costs incurred from the Tesco and Local Plan Inquiry. The budget has also been adjusted for the reduction anticipated in the LAGBI allocation for 2007/08, although the final allocation is still unknown.

3. 2007/08 BUDGET MONITORING

3.1 The summarised budgetary position as at December 2007 is shown below, including the adjusted variance at December 2006 for comparison :

Directorate	Annual Net Budget £	Net Budget to date £	Net Expenditure to date £	Adjusted Variance 2007/08 £	Adjusted Variance 2006/07 £	Note
Carlisle Renaissance	514,300	425,473	367,005	(58,468)	(15,428)	4.2
Community Services	11,302,500	8,296,744	8,278,695	(18,049)	147,395	4.3
Corporate Services	3,792,200	4,402,297	4,365,195	(37,102)	(307,483)	4.4
Development Services	454,100	446,455	209,681	(236,774)	(298,313)	4.5
Legal & Democratic Services	2,191,800	1,849,584	1,830,527	(19,057)	(66,841)	4.6
People, Policy & Performance Services	776,400	230,304	247,315	17,011	(124,430)	4.7
Total	19,031,300	15,650,857	15,298,418	(352,439)	(665,100)	

3.2 The majority of the underspend to December is due to grant income awarded but not yet spent. The largest of these is LABGI, which will be used to match fund NWDA grant for Carlisle Renaissance and related projects. A number of these projects have been delayed due to ongoing discussions with NWDA, and it is likely that some of this funding will be carried forward to 2008/09. Significant overspends and underspends are set out in paragraphs 4.2 to 4.7, including proposed actions to address these variances and to ensure the actual expenditure at the year-end will be in line with the overall budget. Some of the overspends are due to lower than budgeted income streams, as reported as part of the 2008/09 budget process, and will be met from underspends or greater than anticipated income streams elsewhere (such as Treasury Management Investment Income).

3.3 Detailed explanations for the significant variances, the year end projection, and the actions to be taken, are provided by each of the Directors in **Appendices A1- A6**.

- 3.4 Potential carry forwards to 2008/09 for revenue schemes are still being assessed in conjunction with budget holders, and will be considered in light of the projected outturn position at the year-end.
- 3.5 The Executive has previously been notified of the potential cost to the Council if it breaches its 5% partial exemption limit for VAT. The latest information received from HMRC suggests that the partial exemption calculation will now not be required for 2007/08. HMRC is currently reviewing the 5% limit and may consider the position on a national basis. However, it is deemed prudent to monitor the calculation in 2007/08 and continue this work in 2008/09 until further guidance is received from HMRC. As at December the 5% limit has been marginally breached but it is expected that expenditure on exempt activities will fall below the 5% limit by the end of the year.
- 3.6 The ability to meet the salary turnover target remains a concern and will have an impact on the overall position of the authority at the year-end. Further details are provided in paragraph 4.4.

4. KEY ISSUES & HIGH RISK BUDGETS

- 4.1 This section reports the major variances within each directorate. Where relevant, information is included regarding year-end forecasts and any action to be taken to address current deficits.
- 4.2 The variance in **Carlisle Renaissance** is due to unallocated budgets.
- 4.3 The main variances in the **Community Services Directorate** are as follows:
- Car park income is below budget by £55,000 to December 2007, an improvement on the September position. The Charges report included a year-end forecast deficit of £120,000 but current performance indicates that there may be a significant improvement on this projection by the year-end.
 - Income for Tullie House is currently £35,000 below budget, and as in previous years, is expected to be in deficit (£60,000) at the year-end. The deficit has previously been offset by underspends on other budgets within Tullie House. There is an underspend of £25,000 on the rental budget for Shaddonmill in 2007/08 due to the renegotiation of the lease, and this could be used to offset the shortfall in income.
 - Bereavement Services income is £114,800 below budget as at December (Cemeteries £58,800, Crematorium £56,000). The Corporate Charges Report approved during the current budget process indicated a projected year-end shortfall of £84,000 but it is anticipated that the year-end position is likely to be lower.

- Building Maintenance is overspent by £70,000: £40,000 is due to the external income not being achieved, and £30,000 is due to the use of subcontractors.
- The Area Working section is reporting an overspend of £62,300 to December. This is primarily due to cover for vacancies within the section from a number of resources (overtime, agency staff and subcontractors). Additional income of £25,000 is due from the County Council for weed removal that will partially reduce the deficit.
- Waste Minimisation is currently overspent by £77,100. A contribution of £75,000 is expected from the County Council by March in recognition of the reduction in landfill tax as a result of the City Council's scheme, and the section is therefore expected to be in balance at the year-end.

With the exception of income shortfalls, as previously reported to the Executive, it is anticipated that the year-end forecast will be in line with the overall budget for the directorate. This is partially dependent, however, on the actions the Director intends to take as follows:

- A review of the Building Maintenance service in conjunction with Corporate Services
- Curtailment of non essential maintenance expenditure until the year end
- A detailed analysis of recharges to ensure accurate reallocations across services

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

- Unachieved savings of £240,600 to date relating to the corporate Staff Turnover target budget. The Salary Turnover Savings budget of £575,000 for 2007/08 is a corporate target for the Council. The budget is held within the Corporate Services directorate and savings from salary budgets across the authority are transferred to it. Savings taken to date (including the difference of 0.525% between the pay award budgeted for and the actual agreed) total £192,900 against the nine-month target of £433,500, hence the deficit of £240,600 set out in Appendix A3. Further work will be carried out on the January position and reported to SMT and Executive Members. The target for 2006/07 was £489,300, against which £425,600 was achieved. At this stage it is considered unlikely that the 2007/08 target will be met.
- Additional investment income of £166,000. This is not expected to change greatly by the year-end.
- Grant income of £109,00 has been received from the DWP for Local Housing Allowance and has not yet been allocated.
- Concessionary travel is in balance at the end of December, but the year end position is forecast to be £13,000 overspent.

- 4.5 The main variances in **Development Services** are as follows:
- There are a number of sections where income has been received in advance of spend. These include grants for LABGI and Supporting People, and agency fees from the award of capital grants.
 - However, these are offset by shortfalls in income in other areas including Corporate Properties for the octagon rental, and Planning, where both Building Control and Development Control income is below budget. At this stage, the year-end position is expected to meet the overall target for the year.
 - The Building Control reserve is currently in deficit and therefore cannot be used to fund any deficit on the Building Control function
- 4.6 The main variances in **Legal & Democratic Services** are as follows:
- Licensing income is ahead of budget by £13,000.
 - Photocopying and printing charges are over budget by £13,600, and this is estimated to be £18,000 by the year end
- 4.7 The main variances in **People, Policy and Performance Services** are as follows:
- White Paper costs have exceeded the budget by £11,000
 - The Personnel section is overspent due to the purchase of furniture for the training room and the backfill costs of staff relating to the new payroll system.
 - The Pay & Workforce Strategy budget is currently underspent by £24,000 pending the allocation of the budget. This budget is ringfenced.

5 VIREMENTS

- 5.1 The Council operates a scheme of virement, which enables Officers and Members to manage budgets with a degree of flexibility within the overall policy framework determined by the Council to optimise its use of resources. Virements requested by officers and processed in the period ending 31 December 2007 are detailed in **Appendix B**.

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 in the table overleaf. 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 31/12/07	Note
Investments	£25.2m	£28.7m	(i)
Loans	£15.1m	£15.1m	(ii)
Debtors	£ 1.8m	£ 2.3m	(iii)
Creditors	£ 1.3m	£ 0.4m	(iv)

- (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 slightly over budget. There are no proposals for further borrowing during 2007/08, although this will be kept under review. Further information on Treasury Management, including the Council's borrowing requirements, can be found in report CORP88/07 considered elsewhere on the agenda.
- (iii) There is 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.
- (iii) Creditors is the amount of money due to be paid by the Council for goods and services received.
- (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 £2.91m will be required from the Council's Revenue Reserves to fund revenue expenditure in 2007/08 (detailed in paragraph 2.1). Any under or overspend at the year end will adjust the balance transferred to or from the reserve.

6.2 Priorities and Performance

The need to link service performance and the financial 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 clearly established. Financial information continues to be included within the performance monitoring report which is considered elsewhere on the agenda.

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 £1.6m will be achieved, against a previous forecast of £1.8m. This reduction is due to changes in the programmed efficiencies in the current financial year. **Appendix C** below reports on the specific efficiency items contained in the forward-looking efficiency statement for Carlisle City Council for 2007/08 and the progress in achieving those efficiencies.
- (v) It should be noted that the Comprehensive Spending Review 2007 (CSR07) outlines proposals for “an ambitious value for money programme that will see local government deliver savings of 3% per year”. The new arrangements from April 2008 will mean the rescinding of the Annual Efficiency Statement and the introduction of a new performance framework.
- (vi) As from April 2008 the Council will be required to report against a national value-for-money indicator twice yearly in October and July. This indicator focuses on: -
- Net gains – efficiencies need to be reported net of any investment and ongoing costs required for their implementation
 - Gains must be ongoing – if not substantiated the indicator must be reduced accordingly
 - Gains which are “cash releasing” i.e. efficiencies that reduce the level of resources required to achieve the same or better outputs and that allow resources to be re-used for other purposes.
- (vii) Failure to deliver efficiencies will impact on performance against national indicators, the new Comprehensive Area Assessment (particularly use of resources and direction of travel). Although the Council has not been set any exact monetary targets it is likely that efficiency gains of around £500,000 per annum will be needed. This represents 3% of the Council’s net revenue expenditure in 2007/08. However, efficiencies from capital spending can be included if these can be accurately assessed.

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 21 February 2008.

8 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

9 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.

10 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 December 2007**

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	363,400	0	150,900	514,300
Budget to date	274,573	0	150,900	425,473
Total Actual	216,105	0	150,900	367,005
Variance	(58,468)	0	0	(58,468)

Analysis of Variances

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £
General Expenses	1	(53,849)		(53,849)
Miscellaneous variances		(4,619)		(4,619)
Total Variance to date		(58,468)	0	(58,468)

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 December 2007**

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	29,025,700	(8,656,500)	(9,066,700)	11,302,500
Budget to date	21,917,867	(6,500,835)	(7,120,288)	8,296,744
Total Actual	22,115,594	(6,607,684)	(7,229,215)	8,278,695
Variance	197,727	(106,849)	(108,927)	(18,049)

Analysis of Variances

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £
Building Cleaning	1	265	23,786	24,051
Building Maintenance	2	73,926	(3,845)	70,081
Bereavement Services	3	(5,971)	110,543	104,572
Area Working	4	49,115	13,142	62,257
Talkin Tarn	5	(6,724)	(31,844)	(38,568)
Car Parking	6	(10,923)	54,824	43,901
Recycling & Waste Management	7	225,574	(148,464)	77,110
Shaddonmill	8	(29,046)	0	(29,046)
Sports Development	9	(22,535)	(41,249)	(63,784)
Pools/Sands/Outdoor Recreation	10	(45,306)	(8,446)	(53,752)
Miscellaneous variances		(30,648)	(184,223)	(214,871)
Total Variance to date		197,727	(215,776)	(18,049)

Director's Comments

1. Part of the overspend is due to a delay in processing recharges - these will be fed through to the next FIS report. The remaining forecast deficit relates to income targets of £10,000 not being achieved.
2. The external income target is difficult to achieve (currently £40,000 shortfall). The balance is due to the higher costs of subcontractors utilised for essential work.
3. Shortfall in income at Cemeteries £58,800 and Crematorium £56,000. This potential shortfall was raised as part of the budget process. The projected deficit at the time of £84,000 is likely to be greatly improved.
4. Further work is being undertaken to ensure the correct allocation of existing budgets within Environmental Services. The use of agency staff to cover vacancies has resulted in a £40,000 overspend. Full establishment now in place. Invoices of £25,000 to be submitted to the County Council for weed removal will reduce the overspend.
5. Additional income from tea room of £24,000 plus underspend on equipment and IT hardware. It was previously agreed that any surpluses would be reinvested to maintain the current budget in future years (particularly in the light of the County contribution ceasing after five years).
6. Reduction in parking income across all car parks, contracts and PCNs. Deficits of £120,000 projected as part of the budget process. Due to improved receipts in the last quarter, it is likely that the anticipated deficit will significantly reduce.
7. Overspend due to additional costs relating to the new alternative weekly collection scheme (agency staff & vehicle) offset by additional income. Contribution from County of £75,000 will bring the scheme into balance.
8. Underspend on rent. New lease agreement completed for £25,500 per annum from October 2007, leaving significant surplus in budget.
9. Grant income still to be allocated.
10. Underspend of £31,000 on repairs budgets.

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

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	36,896,200	(29,196,200)	(3,907,800)	3,792,200
Budget to date	29,158,293	(20,885,681)	(3,870,315)	4,402,297
Total Actual	29,947,072	(21,746,261)	(3,835,616)	4,365,195
Variance	788,779	(860,580)	34,699	(37,102)

Analysis of Variances

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £
Treasury Management	1	3,837	(166,101)	(162,264)
Salary Turnover Savings	2	240,640	0	240,640
Recovery	3	7,315	(50,412)	(43,097)
Benefits Assessment	4	8,056	(124,999)	(116,943)
Welfare Takeup campaign	5	22,757	(53,797)	(31,040)
Concessionary Fares	6	7,873	(6,040)	1,833
Miscellaneous variances		498,301	(424,532)	73,769
Total Variance to date		788,779	(825,881)	(37,102)

Director's Comments

1. Increased investment interest.
2. Further savings to be identified for 2007/08. See paragraph 4.4 of main report.
3. Additional income for summons for non payment of Council Tax
4. Additional DWP grant received for Local Housing Allowance not yet spent.
5. Awaiting final invoices from supplier. Net credit balance will be returned to DWP and other Cumbria authorities before the end of March.
6. Overspend due to increase in fares higher than anticipated when budget set. Year end projection is an overspend of £13,000.

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

	Gross Expenditure	Gross Income	Recharges	Total
	£	£	£	£
Annual Budget	7,090,901	(7,494,401)	857,600	454,100
Budget to date	5,116,189	(5,530,534)	860,800	446,455
Total Actual	5,119,105	(5,770,224)	860,800	209,681
Variance	2,916	(239,690)	0	(236,774)

Analysis of Variances

Service	Note	Expenditure Variance	Income Variance	Total Variance
		£	£	£
Business & Employment Development	1	(33,860)	(10,048)	(43,908)
Brampton Business Centre	2	(30,282)	37,382	7,100
Enterprise Centre	3	(15,535)	(21,479)	(37,014)
LABGI/Learning City/Employment Projects	4	208,753	(271,821)	(63,068)
Property Services	5	(37,485)	(8,047)	(45,532)
Corporate Properties	6	32,771	56,109	88,880
Planning Management	7	49,527	1,307	50,834
Planning Delivery Grant	8	(19,963)	75	(19,888)
Development Control	9	9,266	14,285	23,551
Local Plans	10	(18,997)	526	(18,471)
Conservation	11	(27,455)	(8,678)	(36,133)
Building Control (Client)	12	(11,095)	24,786	13,691
Hostels	13	48,573	(87,220)	(38,647)
HRA	14	(19,563)	38,877	19,314
Supporting Vulnerable People	15	111	(13,800)	(13,689)
Affordable Housing	16	(21,511)	(3,521)	(25,032)
Community & Health Partnerships	17	(21,000)	0	(21,000)
Decent Homes	18	(4,127)	(75,780)	(79,907)
Miscellaneous variances		(85,212)	87,357	2,145
Total Variance to date		2,916	(239,690)	(236,774)

Director's Comments

1. The under spend relates to Council Tax 2nd Homes funding for which a virement is pending
2. Expenditure has been reduced to compensate for loss in income due to Carlisle College withdrawing their support.
3. The majority of the underspend relates to repair work on the premises which is underway.
4. Correct budgets have yet to be input for these projects, some of which will continue into next year.
5. Underspend due to awaiting consultants' fees for work currently underway.
6. Shortfall in rental income from Octagon (let to CDRP at reduced rent) and additional NNDR costs.
- 7 & 8. Additional costs for scanning and software licences. Final PDG now confirmed, and reallocation of budgets underway.
9. Shortfall in income
10. Awaiting final bills re Local Plan Public Inquiry
11. Historic Building Grants committed but not paid out.
12. Shortfall in income on service to date.
13. Additional Income from Supporting People grant ringfenced for improvements to the service.
14. Equipment Leasing costs (partly paid by CHA).
15. Additional income re recovery of costs and rent advances.
16. Awaiting fees for various studies and Grant received to fund Gypsies and Travellers study.
17. Awaiting third party fees expected during 2007/08.
18. Additional income received from completed capital schemes relating to renovation grants.

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

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	3,694,609	(599,309)	(903,500)	2,191,800
Budget to date	3,231,482	(478,398)	(903,500)	1,849,584
Total Actual	3,293,247	(559,220)	(903,500)	1,830,527
Variance	61,765	(80,822)	0	(19,057)

Analysis of Variances

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £
Democratic Services	1	18,080	(4,736)	13,344
Electoral Services	2	6,710	(19,476)	(12,766)
Legal Services	3	17,783	(19,134)	(1,351)
Miscellaneous variances		19,192	(37,476)	(18,284)
Total Variance to date		61,765	(80,822)	(19,057)

Director's Comments

1. Printing and photocopying charges are exceeding budget by £13,600.
2. Additional income received from Home Office for 2006/07 costs.
3. Additional income from licences.

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

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	2,983,700	(208,800)	(1,998,500)	776,400
Budget to date	2,295,559	(162,355)	(1,902,900)	230,304
Total Actual	2,245,168	(161,553)	(1,836,300)	247,315
Variance	(50,391)	802	66,600	17,011

Analysis of Variances

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £
Executive Management	1	32,899	0	32,899
Policy & Performance		(2,525)	8,508	5,983
Overview & Scrutiny	2	(16,077)	(1,350)	(17,427)
Personnel & Development	3	18,163	1,644	19,807
Pay & Workforce Development	4	(24,250)		(24,250)
Miscellaneous		(1)	0	(1)
Total Variance to date		8,209	8,802	17,011

Director's Comments

1. The overspend relates to expenditure incurred in response to the White Paper and training for SMT.
2. This section includes Emergency Planning which is underspent by £11,000.
3. The overspend is due to the purchase of furniture for the training room, and a small underspend in the payroll section for backfill relating to the installation of the new payroll system.
4. Underspend in supplies and services. The PWS budget is ringfenced.

Gershon Efficiency Savings Update

APPENDIX C

This table incorporates changes submitted as part of the 2007/08 Forward Looking AES and a review of progress in delivering those efficiencies.

	Target 2007/08	Forecast 2007/08	Comments on 2007/08 Efficiency Measures
	£	£	
Cashable - Recurring			
Capital receipts – income from interest	147,000	85,435	Reduced Value of Sales in Year
Rationalisation of Depots	10,000	0	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	New "Green" Electricity contract commenced 01/10/07. Civic Centre and Tullie House are not party to this contract due to existing arrangements.
Restructure	80,000	131,888	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	Procurement of new PC's via Framework Agreement. 4 Year replacement programme 2006-2010
Central Mail & Document Image processing	20,000	0	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	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	At January 2008 Employee costs have increased by £14,000
Waste Minimisation Contract	69,000	0	This item has been deferred to 2008/09
Refuse Collection vehicles x 3	18,800	18,800	Savings achieved through outright purchase of vehicles compared with leasing costs
Cashable totals	442,800	250,623	
Non Cashable			
Energy Efficiency - Payment Administration	5,000	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	Revenue was forecast to increase by £20,000 per annum due to increase in services to external partners. The sections employee salary and overtime costs show a corresponding increase.
Sickness Absence	0	93542	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	
Cashable & Non Cashable total for 2007/08	467,800	346,665	

REVENUE VIREMENTS PROCESSED FOR PERIOD APRIL TO DECEMBER 2007

Date	Virement Details	Permanent/ Temporary	Value £	Authorised by
Requested by Officers (under £35,000)				
05/04/2007	Transfer between PPP services and Executive Management to cover supplies and services	Permanent	6,000	J Gooding
13/04/2007	Council Tax fee income used to fund the costs of the White Paper response	Temporary	20,000	P Mason
10/05/2007	Creation of Concessionary Fares Project Officer from overtime budgets within RBS	Permanent	17,100	P Mason
16/05/2007	Council Tax leaflet funded partly from RBS stationery and office equipment	Temporary	6,000	P Mason
08/10/2007	Use of salary budgets to fund work carried out by third parties due to vacancies	Temporary	25,000	D Beaty
05/12/2007	Use of salary budgets to fund work carried out by third parties due to vacancies	Temporary	30,600	R Simmonds
10/12/2007	Transfer overtime to fund health & safety costs	Temporary	4,500	M Battersby