



Committee Report

Public

Date of Meeting: 22 June 2009

Title: PROVISIONAL GENERAL FUND REVENUE OUTTURN 2008/09

Report of: The Director of Corporate Services

Report reference: CORP14/09

Summary:

This report summarises the 2008/09 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 2009 is £3,577,380, of which £2,351,192 relates to additional income achieved from in year budget initiatives, and £1,226,188 relates to directorate underspends. Requests are made in the report to carry forward committed expenditure of £1,005,600, if approved this will result in an underspend of £2,571,780.

It should be noted that the information contained in this report is provisional, subject to the formal audit process. The Statement of Accounts for 2008/09 will be presented to the Audit Committee on 22 June and Council on 29 June, followed by a three-month audit process.

Recommendations:

That Members note the report

Contact Officer: Maureen McCartney

Ext: 7291

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



PORTFOLIO AREA: FINANCE

Date of Meeting: 01 June 2009

Public

Key Decision: No

Recorded in Forward Plan: No

Inside Policy Framework

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It should be noted that the information contained in this report is provisional, subject to the formal audit process. The Statement of Accounts for 2008/09 will be presented to the Audit Committee on 22 June and Council on 29 June, followed by a three-month audit process.

Recommendations:

The Executive is asked to:

- (i) Note the net underspend as at 31 March 2009 of £3,577,380;
- (ii) Consider the carry forward requests of £1,005,600 which if all approved would result in an underspend position of £2,571,780;
- (iii) Make recommendations to Council on 29 June on the carry forward requests, as set out above and on earmarked reserves to be set up as at 31 March 2009 as detailed in paragraph 3.4(4) & 3.4(6);
- (iv) Approve the virement of £46,100 for the City Council's element of East Cumbria Countryside Partnership redundancy costs from the supplementary estimate approved for Building Maintenance.

Contact Officer: Maureen McCartney

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CITY OF CARLISLE

To: The Executive
01 June 2009

CORP14/09

The Chairman and Members of the
Audit Committee
22 June 2009

PROVISIONAL GENERAL FUND REVENUE OUTTURN 2008/09

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 This report shows the provisional out-turn position for the General Fund Revenue budgets for 2008/09.
- 1.2 A summary of the overall position is shown at paragraph 2.2. 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 2008/09 will be presented to the Audit Committee on 22 June and the full Council on 29 June, followed by a three-month audit period. Any significant changes required following the approval of the 2008/09 accounts will, if necessary, be reported to 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 2008/09

2.1 The following table shows the revised 2008/09 budget for the General Fund:

2008/09 Revenue Budget	£
Approved Budget (Council resolution – February 2008)	18,098,000
Carry forward requests (2007/08 out-turn)	624,000
Supplementary Estimates:	
East Cumbria Countryside Partnership top-up funding	22,500
Tullie House Governance	50,000
Contaminated Land	68,000
ICT Shared Services	49,000
Arts Service Review	130,400
Building Maintenance Efficiency Improvements review	375,700
Revised Budget 2008/09	19,417,600

2.2 The provisional out-turn position for the General Fund is summarised below and explanations for the main variances are provided in the appendices along with details of those activities designated as corporate and other in year budget initiatives. The key issues are highlighted in paragraphs 3.5 and 3.6:

Directorate (Appendix)	2008/09 Annual Budget (Net) £	2008/09 Total Expenditure £	Variance as at 31/3/09 £	Carry Forward Requests £	Adjusted Variance £
Service Expenditure					
Carlisle Renaissance (A1)	360,200	206,783	(153,417)	153,400	(17)
Community Services (A2)	12,548,200	12,255,403	(292,797)	418,200	125,403
Corporate Services (A3)	2,832,600	2,417,646	(414,954)	205,100	(209,854)
Development Services (A4)	(97,600)	(236,781)	(139,181)	110,900	(28,281)
Legal & Democratic (A5)	2,588,200	2,510,047	(78,153)	32,500	(45,653)
PPP (A6)	810,300	662,614	(147,686)	60,500	(87,186)
Sub total	19,041,900	17,815,712	(1,226,188)	980,600	(245,588)
In year budget initiatives	375,700	(1,975,492)	(2,351,192)	25,000	(2,326,192)
Total	19,417,600	15,840,220	(3,577,380)	1,005,600	(2,571,780)

2.3 The above table details the net Council budget. The Council's original gross budget for 2008/09 was £66.67m and although there are many individual variances as detailed by Directorates in **Appendices A1 – A6**, the underspend, excluding in year budget initiatives, equates to 0.37% of this budget.

3 EXPLANATION OF MAJOR VARIANCES

3.1 The provisional outturn position for 2008/09 results in an underspend of £2,571,780 after taking into account potential carry forward requests of £1,005,600 as set out in paragraph 5. This underspend can be split between direct Council services of £245,588 and in year budget initiatives of £2,326,192.

3.2 The reallocation of central departments' balances to service areas still has to be carried out, which explains many of the balances held on some management and support services cost centres. This reallocation is part of the final accounts process and will be completed before the Statement of Accounts are prepared.

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 2009/10 budget. However some pressures still have an on-going impact, which must be addressed during the forthcoming budget process. These include income shortfalls in respect of car parking, land charges and building control, and saving targets in respect of Vacancy Management.

3.4 The individual items which are included within the in year budget initiatives are set out in the table below and explanations provided:

Item	Note	Variance (£)	
Lanes equity rental	1	(637,390)	Appendix A4
VAT (3 year ruling)	2	(1,184,700)	Appendix A2 and A3
LABGI	3	(194,173)	Appendix A3
Planning Litigation provision	4	250,000	Appendix A4
Building Maintenance Review	5	(148,222)	Appendix A2
Sure Start	6	(133,526)	Appendix A4
EEAC	6	(303,181)	Appendix A4
Sub total		(2,351,192)	
Carry forward request - Parking		25,000	Appendix B(1)
Total		(2,326,192)	

Notes:

1. The Lanes guaranteed rental has now been replaced by the equity rental calculation. The equity rental is effective from 2006/07 and head rent projections have been calculated producing a one-off benefit to the Council of £637,390 in 2008/09.
 2. This is subject to a further report considered elsewhere on the agenda (CORP 16/09) and relates to an initiative whereby the Council was able to submit and receive refunds of VAT for prior periods. A net one-off refund of £1,184,700 has been received in 2008/09.
 3. An additional award of £194,173 was received in 2008/09 for LABGI, the DCLG has suggested that this is spent on recession mitigation initiatives. A report will be presented to a future Executive meeting regarding the use of this allocation and until that point the balance will be held in the Projects Reserve.
 4. A request is made for a provision of £250,000 to be set up in 2008/09 to cover the estimated potential costs associated with planning litigation for the Airport and the Sainsbury site.
 5. A supplementary estimate of up to £375,700 was approved during 2008/09 to fund any redundancy costs following the Building Maintenance Service Review with any unused balance being returned to the projects reserve. Costs of £227,478 have been incurred on Building Maintenance staff and it is requested that £46,100 of the unused balance be used to finance the Council's element of the East Cumbria Countryside project, with the remaining balance (£102,100) being returned to reserves.
 6. A request is made to transfer these balances to reserves and that they be earmarked for use pending future decisions. The final balances of £133,526 for Sure Start and £303,181 for EEAC, having now been determined on these two services.
- 3.5 Some of the main service expenditure variances are set out below. Many of these have been reported throughout the year in budget monitoring reports, and further explanations are provided in the appendices.

(i) Reduction in Costs/Additional Income

A significant number of budget headings have achieved savings and increased income.

£

Highways Claimed Rights – delayed projects	(57,400)	Appendix A2
Tullie House – catering and conference income	(23,800)	Appendix A2
Treasury Management – investment income	(34,100)	Appendix A3
Other Financial Services – residual balance of savings highlighted at revised estimate stage	(215,000)	Appendix A3
Recovery – increased court fees	(47,800)	Appendix A3
Concessionary Fares – contractor payments	(88,100)	Appendix A3
Decent Homes – registration fees and grants	(42,400)	Appendix A4
Industrial Estates – rental income	(25,600)	Appendix A4
Management & Support Services	(166,000)	Paragraph 3.2
Total	(700,200)	

(ii) Additional Costs/Shortfall in Income

£

Recycling & Waste Management – the cost of early termination of vehicle hire contracts	87,900	Appendix A2
Highways – recharges shortfall on unspent schemes	44,600	Appendix A2
Parking – significantly Penalty Charge Notices	79,500	Appendix A2
IT Services – additional redundancy costs	76,500	Appendix A3
Debtors – Increase in bad debt provision	80,300	Appendix A3
Development Control – compensation settlements, strategic & environmental, noise assessments	59,900	Appendix A4
Building Control – reduced inspection fee income	25,900	Appendix A4
Total	454,600	

Net Variance

(245,600)

4 RECESSION PLANNING

4.1 As advised to members on the 18 December 2008 and 16 February 2009 the recession has led to significant income shortfalls in car parking, licensing, building control, land charges etc.

Some budgets were reduced during 2008/09 to reflect revised 'post recession' income trends and funding has been identified e.g. the Concessionary Fares budget surplus to meet the shortfalls.

The Council has also had to increase its bad debt provision in respect of sundry debtors and housing benefit overpayments due to the level of long term arrears that have built up in 2008/09 (£150,000), as noted in **Appendix A3**.

On a more positive note the DCLG has provided additional grant which they have suggested is spent on recession mitigation initiatives i.e. additional ring-fenced Benefits Admin Grant (£68,000 in 2009/10) and additional LABGI allocation (£194,173).

However 4th Quarter reductions in Council Tax liability, due to the significant increase in long term empty properties and increases in bad debt provision, have increased the 2008/09 collection fund deficit from the projected £125,000 (Council share £16,500) to £303,000 (Council share £39,700). This will need to be addressed during the 2009/10 budget process. The Council Tax and NNDR Provisional out-turn report provides further details which is considered elsewhere on the agenda (CORP 17/09).

5 CARRY FORWARD REQUESTS

5.1 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 more strategic five 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.

5.2 Details of the carry forward requests, which itemise committed expenditure, are contained within **Appendix B**. 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, who is satisfied that budgets of £1,005,600 should be carried forward to 2009/10. Although some Directorates have expended in excess of their budgets, or have suffered in reduced income as detailed the individual appendices, once the committed expenditure is taken into account there is an overall underspend across the whole authority. These amounts have therefore been included in the carry forward. The relevant Corporate Director will be able to give further details of carry forward requests if required at the meeting.

5.3 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:

	2008/09 provisional £	2007/08 £	2006/07 £	2005/06 £	2004/05 £
Variance at 31 March	(3,577,380)	(367,808)	(1,308,523)	(1,823,670)	(1,874,393)
C/fwd requests	1,005,600	787,100	1,553,500	1,739,500	1,535,773
Final variance less in year budget initiatives	(2,571,780)	419,292	244,977	(84,170)	(338,620)
Service Expenditure variance	<u>(2,326,192)</u> (245,588)				
Percentage variance on service expenditure of original gross budget	(0.37)%	0.68%	0.41%	(0.16)%	(0.67)%

5.4 Committed expenditure carry forward requests total £1.006m and if all were to be approved this would result in an under commitment of £2.572m for the year.

5.5 If Members approve all of the carry forward requests, then Council will need to be recommended to approve the carry forwards of £1,005,600 and note that this will result in a contribution to reserves of £2,571,780 in 2008/09.

6 BALANCE SHEET MANAGEMENT

- 6.1 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 2009 forms part of the annual Statement of Accounts that will be considered by the Audit Committee on 22 June and approved by full Council on 29 June.
- 6.2 The VAT partial exemption calculation has been finalised for 2008/09 resulting in 2.03% for the year which is well below the 5% limit set by HMRC.
- 6.3 The level of Council reserves was approved by Council in February 2009 and showed that there was significant pressure on reserves from 2009/10 onwards. Due to the level of underspend identified within this report, approximately £2.572m will be returned to the Projects Reserve. This will replenish the usable revenue balances as at 31 March 2010 to the minimum required, however there will still be a projected shortfall against this minimum reserve from 2010/11 onwards.

7 EFFICIENCY SAVINGS – Annual Efficiency Statement

Comprehensive Spending Review (CSR07) – 2008/09 Onwards.

- 7.1 This section provides an explanation of the Annual Efficiency Statement requirement (AES) and illustrates the progress of the efficiency projects identified for the year ending 31st March 2009.

7.2 Efficiency Savings

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

The basis of the DCLG calculation is as follows: -

		£
2007/08 Baseline	Total Net Service Expenditure	23,363,000
	Total Capital Expenditure	9,309,000
	Total Baseline =	32,672,000
2008/09 Target	3.00%	980,160
2009/10 Target	6.10%	1,992,992
2010/11 Target	9.30%	3,038,496

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 efficiency target as a means to accurately monitor its progress and to identify a number of projects for review throughout the period. The total sum initially identified as achievable from a number of individual projects was £1,131,175. This forecast was submitted to the Department of Communities and Local Government (DCLG) at the end of October 2008.

- 7.3 The 2008/09 monitoring report can be found at Appendix C and provides information regarding the target set by DCLG, the City Councils own efficiency target and the actual savings achieved. The table illustrates that the Council originally set a target of 3.46% or £151,000 more than the 3% requirement of the DCLG. This allowed for some flexibility, project delays and potential amendments to the programme throughout the 3-year period. It should be noted that in the first year of the programme the Council achieved an efficiency figure of 3.49%, which is £161,175 more than the DCLG requirement.
- 7.4 Appendix C also illustrates that a number of changes to the Efficiency programme occurred during 2008/09 which subsequently increased the Councils internal efficiency target to 3.82% or £1,249,175. This is £269,000 more than the DCLG requirement. (It is considered prudent to set our own internal objectives at a higher level than required as a measure of performance and to meet potential delays and changes).

- 7.5 The Council Improvement and Efficiency Working Group monitors the work programme and reports to Senior Management on a regular frequency. This programme is subject to amendment where corporate objectives or funding dictates. The work programme is carried out by the Corporate Services efficiency and procurement team who work closely with each review lead officer and ensure that information meets the criteria set out in the CSR07 VfM delivery plan.
- 7.6 The majority of the corporate Efficiency and Improvement reviews are reflected within the VfM delivery plan, with others forming part of the Council's normal revenue budgets. Several of the individual reviews indicate a shortfall and these are considered elsewhere in this report.

8 CONSULTATION

- 8.1 Consultation to Date.
SPG and SMT have considered the issues raised in this report.
- 8.2 Consultation proposed.
Corporate Resources Overview & Scrutiny Committee will consider the report on 9th June 2009.

9 RECOMMENDATIONS

The Executive is asked to:

- (i) Note the net underspend as at 31 March 2009 of £3,577,380;
- (ii) Consider the carry forward requests of £1,005,600 which if all approved would result in an underspend position of £2,571,780.
- (i) Make recommendations to Council on 29 June on the carry forward requests as set out above and on earmarked reserves to be set up as at 31 March 2009 as detailed in paragraph 3.4(4) & 3.4(6);
- (ii) Approve the virement of £46,100 for the City Council's element of East Cumbria Countryside Partnership redundancy costs from the supplementary estimate approved for Building Maintenance.

10 REASONS FOR RECOMMENDATIONS

As stated above.

11 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

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CARLISLE RENAISSANCE

Position as at 31 March 2009

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	1,272,800	(912,600)	0	360,200
Total Actual	975,177	(768,394)	0	206,783
Variance	(297,623)	144,206	0	(153,417)
Carry forwards				153,400
Adjusted Variance	(297,623)	144,206	0	(17)

Analysis of Variances and Carry Forwards

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £	Carry Forward £	Adjusted Variance £
General Expenses	1	(160,128)	0	(160,128)	153,400	(6,728)
Pre Approval Project & External Staff	2	(137,495)	144,206	6,711	0	6,711
Total Variance to date		(297,623)	144,206	(153,417)	153,400	(17)

Director's comments

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

1. Funding committed and earmarked for carry forward.
2. Slippage against projects to be progressed in 2009/10.

COMMUNITY SERVICES

Position as at 31 March 2009

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	31,489,700	(12,891,500)	(5,806,300)	12,791,900
Total Actual	31,513,995	(14,259,165)	(5,658,307)	11,596,523
Variance	24,295	(1,367,665)	147,993	(1,195,377)
Carry forwards				443,200
Adjusted Variance	24,295	(1,367,665)	147,993	(752,177)

Analysis of Variances and Carry Forwards

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £	Carry Forward £	Adjusted Variance £
Management	1	(35,041)	(952)	(35,993)	0	(35,993)
Support Services	2	(679)	(31,500)	(32,179)	0	(32,179)
Garage	3	(19,861)	24,069	4,208	0	4,208
Building Maintenance & Facilities Management	4	61,273	(35,923)	25,350	10,000	35,350
Civic Centre Accommodation	5	24,266	(21,998)	2,268	0	2,268
Bereavement Services	6	(30,695)	45,956	15,261	0	15,261
Environmental Quality	7	(8,728)	10,172	1,444	9,800	11,244
Food Safety	8	(51,286)	(3,491)	(54,777)	33,100	(21,677)
Green Spaces	9	37,303	(60,967)	(23,664)	41,000	17,336
East Cumbria Countryside Partnership	10	(386,942)	386,942	0	0	0
Highways	11	11,789	29,826	41,615	3,000	44,615
Highways Claimed Rights	12	(96,002)	38,614	(57,388)	0	(57,388)
Land Drainage	13	11,389	(1,882)	9,507	15,000	24,507
CCTV	14	(23,103)	30,773	7,670	0	7,670
Anti-Social Behaviour	15	(14,086)	7,514	(6,572)	0	(6,572)
Miscellaneous Highways Expenses	16	(104,918)	0	(104,918)	91,900	(13,018)
Parking	17	(27,838)	97,342	69,504	10,000	79,504
Recycling & Waste Management	18	109,006	(21,050)	87,956	0	87,956
Community & Culture Management	19	(67,031)	(2,559)	(69,590)	63,700	(5,890)
Community Support	20	77,533	(81,210)	(3,677)	0	(3,677)
Tullie House	21	131,918	(155,704)	(23,786)	0	(23,786)
Sports Development	22	17,733	(40,770)	(23,037)	23,400	363
Pools	23	(33,180)	31,047	(2,133)	0	(2,133)
Outdoor Recreation	24	(105,066)	(1,836)	(106,902)	117,300	10,398
Miscellaneous variances		681,134	(694,098)	(12,964)	0	(12,964)
		158,888	(451,685)	(292,797)	418,200	125,403
In Year Budget Initiatives						
Building Maintenance Efficiency Review	25	(133,482)	0	(133,482)	0	(133,482)
Sure Start	26	(133,526)		(133,526)	0	(133,526)
VAT Refund:						
Cultural Services	27	132,415	(662,078)	(529,663)	0	(529,663)
Parking	28	0	(105,909)	(105,909)	25,000	(80,909)
		(134,593)	(767,987)	(902,580)	25,000	(877,580)
Total Variance to date		24,295	(1,219,672)	(1,195,377)	443,200	(752,177)

Director's Comments

APPENDIX A2 (2)

1. Underspent administration costs held centrally, particularly recruitment and software licences.
2. Recharge of costs in excess of budget for project management fees.
3. Underspend on materials and supplies, offset by a shortfall on recharges.
4. Recharge of costs in excess of budget for project management fees and capital works. An over provision for the costs of the redundancies agreed by the service efficiency review will be recommended to fund the additional £46,100 ECCP redundancy costs for which there is currently no budget.
5. Overspend on energy costs offset by increased contributions towards electricity usage.
6. Underspends on energy and maintenance costs and a shortfall of income at the Crematorium partly offset by increased income at the Cemeteries. However, the outturn reflects a net operational surplus of £55,000.
7. The carry forward is committed to complete the enforcement required by the Clean Neighbourhood Environment Act 2005. Shortfall on Pest Control income of £12,778.
8. Under budget supplies and services and staff costs to be carried forward to provide a Health and Safety Officer, as previously approved for two years.
9. Overspend on supplies and services and increased recharges. The carry forwards relate to the externally funded renovation of allotments lost during flood works and restoration of Eden Bridge gardens.
10. The Partnership was dissolved on 31st March 2009, a virement is required to fund a shortfall in the City's element of the costs of redundancy, the partners having contributed towards the full cost of termination.
11. Overspend on transport and shortfall in recharges, particularly due to projects not started.
From an operational perspective items 12 and 13 should be considered as one:-
12. Reduction in recharges and expenditure on County Council projects, to be carried forward and savings of £27,300 on insurance provision.
13. Prior years maintenance costs for pumping stations may be chargeable to a reserve. The carry forward is to be used to assess flood risk and review existing emergency procedures.
14. Reduction in transmission costs offset by unrealised income from Pubwatch and Service Level Agreements.
15. Underspend on contractor costs and shortfall on income.
16. Carry forward relates to small scale community projects where expenditure has been committed but not yet incurred. The underspent balance reflects a corresponding overspend on capital items.
17. As reported throughout the year, income from parking fees fell short of the budget and were supplemented by savings identified elsewhere. The carry forward is to repair the surface for Lowther Street car park.
18. Overspend relates substantially to the cost of early termination of the vehicle hire contracts as agreed by the Executive [CS. 70/08] on 20th October 2008.
19. The carry forward relates to ongoing schemes including Tullie House Trust and a study into a theatre arts centre developed in conjunction with the Save Our Lonsdale group.
20. Overspend on supplies and services offset by surplus income.
21. As reported throughout the year, there are overspends in the Curatorial section and the Brampton Live event, however these are more than offset by surplus income.
22. SPAA project delayed until December 2008 and is to run for 3 years. Carry forward is for the balance of the match funding.
23. Underspend on Free Swimming Initiative to be progressed in 2009/10.
24. Carry forward is to cover a loss of income claim and for the Sands Development Feasibility study.
25. An over provision for redundancy costs agreed by the service efficiency review will be recommended to fund the additional £46,100 ECCP redundancy costs for which there is currently no budget.
26. It will be recommended that this balance is transferred to an earmarked reserve.
27. The net position relates to income achieved by PricewaterhouseCoopers' work on VAT.
28. The carry forward for part of the VAT adjustment is to fund a study into the feasibility of a capacity increase at Devonshire Walk car park.

CORPORATE SERVICES**Position as at 31 March 2009**

	Gross Expenditure	Gross Income	Recharges	Total
	£	£	£	£
Annual Budget	37,178,000	(30,115,700)	(4,097,700)	2,964,600
Total Actual	38,952,690	(33,077,701)	(4,083,384)	1,791,605
Variance	1,774,690	(2,962,001)	14,316	(1,172,995)
Carry forwards				205,100
Adjusted Variance	1,774,690	(2,962,001)	14,316	(967,895)

Analysis of Variances and Carry Forwards

Service	Note	Expenditure Variance	Income Variance	Total Variance	Carry Forward	Adjusted Variance
		£	£	£	£	£
Audit Services		1,034	0	1,034	0	1,034
IT Services	1	(39,702)	1,154	(38,548)	115,000	76,452
ICT Shared Services	2	(6,479)	0	(6,479)	6,500	21
Financial Services	3	21,804	(5,132)	16,672	0	16,672
Treasury Management	4	927	(35,001)	(34,074)	0	(34,074)
Other financial services	5	(142,808)	(72,264)	(215,072)	0	(215,072)
Revenues & Benefits Services						
Recovery	6	(64)	(47,807)	(47,871)	0	(47,871)
Debtors	7	80,352	0	80,352	0	80,352
Benefits Assessments	8	(83,915)	(12,208)	(96,123)	83,600	(12,523)
Council Tax Benefits Payments & Subsidy	9	82,322	(122,289)	(39,967)	0	(39,967)
Housing Benefit Payments & Subsidy	10	1,850,276	(1,786,136)	64,140	0	64,140
Concessionary Fares	11	(66,496)	(21,605)	(88,101)	0	(88,101)
Revenues & Benefits sundry		(20,046)	4,040	(16,006)	0	(16,006)
Corporate Activities						
Corporate Management	12	22,679	(10,251)	12,428	0	12,428
Vacancy Management & Salary Turnover	13	(18,500)	0	(18,500)	0	(18,500)
Savings						
Insurance holding account	14	2,151	9,010	11,161	0	11,161
		1,683,535	(2,098,489)	(414,954)	205,100	(209,854)
In Year Budget Initiatives						
Building Maintenance Review - Pensions	15	(14,740)	0	(14,740)	0	(14,740)
LABGI	16	0	(194,173)	(194,173)	0	(194,173)
VAT Refund - Interest	17	105,895	(655,023)	(549,128)	0	(549,128)
		91,155	(849,196)	(758,041)	0	(758,041)
Total Variance to date		1,774,690	(2,947,685)	(1,172,995)	205,100	(967,895)

Director's Comments

1. Unachieved Efficiency savings of £40,000 on printing costs, £13,000 for maternity leave and staff cover and £22,000 for featurenet and other telephones charges contribute to the overall net overspend. The carry forward is required for the expected redundancy costs.
2. The carry forward is to fund the residual cost of implementation.
3. Overspends on recruitment costs and agency payments, New Penalty regime and CIS review
4. Investment income in excess of the budget. This is in addition to the surplus and savings on MRP, declared in earlier monitoring reports, used to offset shortfalls in income identified elsewhere.
5. Residual balance of savings achieved elsewhere, as highlighted at revised estimate stage.
6. Higher than expected income received from court costs.
7. Unprecedented level of bad debt provision.
8. Accumulated unallocated, ringfenced DWP Grant from previous years. The carry forward is to progress a business case for shared services.
9. Additional income from overpayment recovery.
10. An increased bad debt provision required for the non recovery of overpayments.
11. Savings over and above the reduced contractor payments noted in earlier monitoring reports.
12. The overspend relates to increased bank and card charges, offset by reduced core audit fees. Contributions from DCLG towards additional Council Tax leaflet statements.
13. Improvement on savings from Flexible retirement £12,000 & £65,600 Salary Turnover Savings; reduced by a shortfall of £59,100 on Vacancy Management, as reported separately.
14. Unrecoverable loss from a claim made to previous insurers.
15. Additional pension costs expected from Building Maintenance Efficiency Review.
16. Additional LABGI funding received in excess of budget provision.
17. Interest payment made on compensation.

DEVELOPMENT SERVICES

Position as at 31 March 2009

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	8,807,200	(7,655,000)	(1,249,800)	(97,600)
Total Actual	9,489,988	(9,167,540)	(1,249,800)	(927,352)
Variance	682,788	(1,512,540)	0	(829,752)
Carry forwards				110,900
Adjusted Variance	682,788	(1,512,540)	0	(718,852)

Analysis of Variances

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £	Carry Forward £	Adjusted Variance £
Business & Employment Development	1	29,809	(36,532)	(6,723)		(6,723)
Brampton Business Centre	2	(38,310)	7,037	(31,273)	28,900	(2,373)
Tourism & City Centre Development	3	31,028	(13,636)	17,392		17,392
Carlisle Renaissance Projects	4	(19,609)	12,793	(6,816)	6,900	84
Hostels & Homeshares	5	38,255	(25,666)	12,589		12,589
Affordable Housing	6	(22,991)		(22,991)	15,300	(7,691)
Decent Homes	7	(10,385)	(32,034)	(42,419)		(42,419)
Development Control	8	59,956	(27)	59,929		59,929
Local Plans	9	13,302	860	14,162		14,162
Building Control	10	(19,424)	45,353	25,929		25,929
Property Services	11	(30,458)	(6,449)	(36,907)	18,500	(18,407)
Market	12	0	(14,091)	(14,091)		(14,091)
Industrial Estates	13	(41,851)	(16,337)	(58,188)	32,600	(25,588)
Miscellaneous variances	14	746,647	(796,421)	(49,774)	8,700	(41,074)
		735,969	(875,150)	(139,181)	110,900	(28,281)
<u>In Year Budget Initiatives</u>						
Lanes equity rental	15	0	(637,390)	(637,390)	0	(637,390)
Planning litigation	16	250,000		250,000	0	250,000
Energy Efficiency Advice Centre	17	(303,181)	0	(303,181)	0	(303,181)
		(53,181)	(637,390)	(690,571)	0	(690,571)
Total Variance to date		682,788	(1,512,540)	(829,752)	110,900	(718,852)

Director's Comments

- Underspend on budgets for return to work initiative and other projects continuing into 2009/10.
- The carry forward is required to meet one-off costs associated with the closure of the centre.
- Increased costs of publicity and items for resale are only partly offset by additional income.
- Slippage on projects - some of which is to be carried forward.
- Occupancy levels have exceeded expectations, increasing both costs and income.
- Housing Strategy funding for fixed term staff costs is to be carried forward.
- Quinquennial receipt of HMO registration fees and fees associated with awards of Disabled Facilities Grants.
- Costs of agency fees, compensation settlements, strategic environmental, airport and noise assessments.
- GIS expenses ineligible for capital funding.
- A deficit on the earmarked reserve which is expected to break even over a rolling 3 years period, steps need to be taken to bring this reserve back to a break even position.
- Underspends are to be carried forward for the asset valuations for the statutory statement of accounts.
- Income in excess of the budget following recalculation of the head rent projections for 2005/06 to 2008/09.
- Repairs and remedial work underspent, to be carried forward and undertaken in 2009/10. Additional rent income was highlighted in the monitoring reports and transferred to offset overspends elsewhere.
- This includes committed Historic Buildings grants for which a carry forward request has been submitted.
- Income in excess of the budget following recalculation of the head rent projections for 2006/07 to 2008/09, equity rental payments have now been agreed.
- A £250,000 provision has been set up to cover the expected costs of planning litigation for the Carlisle Airport and Sainsburys sites.

LEGAL & DEMOCRATIC SERVICES

Position as at 31 March 2009

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	3,930,100	(397,900)	(944,000)	2,588,200
Total Actual	3,907,544	(453,497)	(944,000)	2,510,047
Variance	(22,556)	(55,597)	0	(78,153)
Carry forwards				32,500
Adjusted Variance	(22,556)	(55,597)	0	(45,653)

Analysis of Variances and Carry Forwards

Service	Note	Expenditure Variance £	Income Variance £	Total Variance £	Carry Forward £	Adjusted Variance £
Town Twinning	1	(25,616)	(599)	(26,215)	20,000	(6,215)
Civic Administration	2	367	(4,928)	(4,561)	0	(4,561)
Electoral Registration	3	8,367	(10,966)	(2,599)	0	(2,599)
Licensing	4	6,190	(21,137)	(14,947)	2,500	(12,447)
Legal Services	5	3,961	(12,503)	(8,542)	10,000	1,458
Land Charges	6	(3,717)	(4,165)	(7,882)	0	(7,882)
Miscellaneous variances		(12,108)	(1,299)	(13,407)	0	(13,407)
Total Variance to date		(22,556)	(55,597)	(78,153)	32,500	(45,653)

Director's Comments

1. This is a rolling budget and is carried forward year on year. It will be used in 2009/10 to fund the Civic and youth delegations who will visit Slupsk, and for projects agreed at the Annual 3 way meeting.
2. Increased income from the sale of refreshments.
3. A fund claim for Electoral Participation advertising campaigns during 2008 has provided additional income.
4. Increased income following changes in legislation. The carry forward will fund new requirements for the authentication of Hackney and Private Hire drivers' licences with DVLA.
5. A number of minor overspends are offset by underspent legal costs and additional fees. The carry forward is to fund external investigators into Standards Committee Code of Conduct complaints, currently without a budget.
6. A deficit on income due to the downturn in the housing market has been highlighted in the monitoring reports and offset by a balance of over achieved income and savings achieved elsewhere.

PEOPLE, POLICY & PERFORMANCE SERVICES**Position as at 31 March 2009**

	Gross Expenditure	Gross Income	Recharges	Total
	£	£	£	£
Annual Budget	3,378,200	(344,600)	(2,223,300)	810,300
Total Actual	3,170,548	(354,382)	(2,153,552)	662,614
Variance	(207,652)	(9,782)	69,748	(147,686)
Carry forwards				60,500
Adjusted Variance	(207,652)	(9,782)	69,748	(87,186)

Analysis of Variances and Carry Forwards

Service	Note	Expenditure Variance	Income Variance	Total Variance	Carry Forward	Adjusted Variance
		£	£	£	£	£
Local Strategic Partnership	1	(20,531)	(288)	(20,819)	20,500	(319)
Policy & Performance	2	(19,688)	(1,374)	(21,062)		(21,062)
Personnel	3	(45,601)		(45,601)	40,000	(5,601)
Miscellaneous variances	4	(121,832)	61,628	(60,204)	0	(60,204)
Total Variance to date		(207,652)	59,966	(147,686)	60,500	(87,186)

Director's Comments

1. The LSP is a three year programme and the carry forward request is to fund part of the staff costs in 2009/10.
2. This underspend relates to professional updating, the best value performance plan and research & consultation.
3. The carry forward request is to fund the completion of the job evaluation process.
4. Miscellaneous variances include underspends on the Community Empowerment scheme, Member Learning and Development, Staff Benefits and the Overview and Scrutiny service.

DESCRIPTION		Requests	Total
		2009/10	
		£	£
CARLISLE RENAISSANCE			
Carlisle Renaissance	The remaining budget in relation to external funding and City Council contributions to the delivery of the Carlisle Renaissance project.	153,400	153,400
		153,400	153,400
COMMUNITY SERVICES			
Environmental Services (Land Drainage)	Allows additional staff to be employed to review the emergency procedures and assess flood risks in the area.	15,000	15,000
Pedestrianisation	Repairs to a sunken area of road on Scotch Street.	3,000	3,000
Facilities (Energy Fund)	Specialist contractors for the provision of energy certificates.	10,000	10,000
Decriminalised Parking & Off Street Parking	Repairs to Lowther Street Car Park. Work has been ordered for early April 2009.	10,000	10,000
Residual ECN / Residents Parking	To fund a feasibility study to increase the capacity of Devonshire Walk car park in view of potential developments on other Council car parks.	25,000	25,000
Clean Neighbourhood Act	Extended salary contracts to include more enforcement activity.	9,800	9,800
Small Scale Community Projects	Individual allocations for members for commitments on projects.	91,900	91,900
Tullie House	The balance of the amount agreed by Council for the development of the work for devolving the management of Tullie House to a trust.	45,300	45,300
Theatre/Arts Centre	The balance of the budget assigned to develop a feasibility study for a theatre/arts centre in conjunction with the Save our Lonsdale Group.	18,400	18,400
Sport & Recreation (Sand Centre Feasibility Study)	To cover the costs of the Sands Centre feasibility study and the loss of income claims by Carlisle City Council.	117,300	117,300
St Aidans Allotments	Money donated by the Environment Agency to renovate plots lost to flood bank work.	27,000	27,000
Green Spaces	Grant funding awarded for works at St Peters Pre-school and Kingstown Allotments	2,000	2,000
Play Areas - Reactive	Work in respect of Eden Bridge Gardens restoration due to be completed in July 2009.	12,000	12,000
Sport & Recreation	Balance of match funding for the Go 4 It Get Active Sport England project which runs for 3 years until November 2011.	23,400	23,400
Food Health and Safety	Temporary Health & Safety Officer post.	33,100	33,100
		443,200	443,200
CORPORATE SERVICES			
ICT Shared Services	Redundancy costs from the Shared Services agreement (budget approved by Executive) and balance of implementation costs.	121,500	121,500
Benefits Services	Remaining balance of sums accumulated from the Department of Work and Pensions' ring-fenced grants directed at improving Housing and Benefits administration.	76,300	76,300
Revenues and Benefits Shared Services	Excess income achieved in 2008/09 which will be used to meet additional costs of the shared services initiative in 2009/10.	7,300	7,300
		205,100	205,100

2008/09 REVENUE CARRY FORWARD REQUESTS

APPENDIX B (2)

DESCRIPTION		Requests	Total
		2009/10	
		£	£
DEVELOPMENT SERVICES			
Brampton Business Centre	Costs associated with the closure of Brampton Business Centre including repair and maintenance, premises alterations and the surrender of the lease to the County Council at end of April 2009..	28,900	28,900
Affordable Housing	Funding for a member of staff from the Housing Strategy for a fixed 5 year term.	15,300	15,300
Conservation (Historic Building Grants)	Committed expenditure on Historic Building Grants.	8,700	8,700
Property Services	Asset Valuation work for 08/09 to be completed in April in connection with the year end accounts.	18,500	18,500
Economy, Property & Tourism	Early release of the Tourism manager on the grounds of efficiency.	32,600	32,600
LABGI	Committed Business Grants and match funding for a scheme evaluation.	6,900	6,900
		110,900	110,900
LEGAL & DEMOCRATIC SERVICES			
Town Twinning	The budget is a rolling three year programme to fund the Council's Town Twinning activities.	20,000	20,000
Licensing	Underspend in 2008/09 which will be used to fund new requirements for Hackney & Private Hire drivers in 2009/10.	2,500	2,500
Legal	Funding for the appointment of external investigators to support the Monitoring Officer in the investigation of the Code of Conduct Complaints lodged.	10,000	10,000
		32,500	32,500
PEOPLE, POLICY & PERFORMANCE			
Carlisle Partnership LSP	The third year of a 3 year commitment to LSP running costs.	20,500	20,500
Personnel and Development	Implementation of the outcome of the Pay and Workforce Strategy.	40,000	40,000
		60,500	60,500
TOTAL GENERAL FUND CARRY FORWARD REQUESTS		1,005,600	1,005,600

Item	Applicable Efficiency Measures	2008/09 Original Forecast	2008/09 Revised Forecast	2008/09 Actual to date	2009/10 Forecast	2010/2011 Forecast	I&ER	Measurement Basis: -
Proposed Revenue Budget Reductions 2008/09 - 2010/11								
1	Income in Excess of Target - Development Services	53,000	0	0	0	0		Needs to demonstrate increased staff performance
2	Income in Excess of Target - Licensing	3,000	0	0	0	0		Needs to demonstrate increased staff performance
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
4	Energy Efficiency Advice Centre	35,000	35,000	35,000	35,000	35,000	YES	Same service by different provider. TUPE Transfer
5	Review Operation of TIC	23,000	23,000	23,000	46,000	46,000	YES	Increased capacity through joint working
6	Community Services Review	53,000	37,000	37,000	60,000	153,000	YES	Dependant on outcome of service review
7	Printing & Copying Review	40,000	40,000	0	40,000	40,000	YES	Providing no detrimental effect on service
8	Vacancy Management/Salary Savings	500,000	633,000	652,000	1,146,000	1,346,000	YES	Providing no detrimental effect on service
9	Renewals Reserve Savings	206,000	206,000	206,000	245,000	422,000		Alternative method of financing required
10	Conference Group	15,000	15,000	15,000	29,000	29,000	YES	Through revised working practices aims to be self funding
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
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
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).
14	Stores	7,250	7,250	0	7,250	7,250	YES	Based on 5% of 2008/09 Budget = (£48,600+ £96,400)
15	Customer Services	36,200	36,200	0	36,200	36,200	YES	Based on 5% of 2008/09 Budget = £724,000
16	ICT Shared Service	0	0	0	3,000	75,000	YES	Based on September 2008 Business Case
17	ICT Shared Service - Capital Expenditure	0	0	0	163,000	12,000		Capital investment savings through better use of resources through joint working.
	Total Revenue Budget Reductions	996,450	1,057,450	993,000	2,015,450	3,254,530		
Other Reductions 2008/09 - 2010/11								
18	Shared Chief Executive Arrangement	0	46,000	46,000	0	0		Income received from Allerdale for Shared Chief Executive
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)
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
	Total Other Reductions	0	57,000	48,000	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
22	Marketing	14,725	14,725	0	14,725	14,725	YES	Suggest this should be Communications Unit budget of £294,500.
23	Procurement	100,000	100,000	100,000	100,000	100,000	YES	Included in Base Budget 2008/09
	Total Improvement /Efficiency Reviews	134,725	134,725	100,000	134,725	134,725		

Efficiency Programme - Original Internal Cumulative Targets	1,131,175		2,161,175	3,400,255
Cumulative Efficiency Targets (Revised 08/09)		1,249,175	3,410,350	6,810,605
Internal Targets and Actual obtained in 2008/09	1,131,175	1,249,175	1,141,000	

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 added later in year.
I&ER = Improvement/Efficiency Reviews

CSR07 - Method of Calculating the CSR07 Efficiency Target.

City Council 2007/08 Baseline Expenditure (Based on RO Forms)	32,672,000		
DCLG Efficiency Target Multiplier - (Non Mandatory).	3%	6.10%	9.30%
City Council Cumulative Efficiency Target based on above DCLG 3% multiplier	980,160	1,992,992	3,038,496

Carlisle City Council Revised Efficiency Targets	1,131,175	1,249,175	3,410,350	6,810,605
(Shortfall)/Increase over 3% DCLG Requirement	151,015	269,015	160,840	1,417,358
Revised Cumulative Efficiency Target expressed as a percentage and actual percentage achieved.	3.46	3.82	3.49	

APPENDIX C

2008/09 Progress Notes:

Not considered Applicable Efficiency Measure
Not considered Applicable Efficiency Measure
See Schedule of Improvement & Efficiency Reviews
See Schedule of Improvement & Efficiency Reviews
See Schedule of Improvement & Efficiency Reviews
See Schedule of Improvement & Efficiency Reviews
See Schedule of Improvement & Efficiency Reviews
See Schedule of Improvement & Efficiency Reviews
Achieved during 2008/09.
See Schedule of Improvement & Efficiency Reviews

2009/10 Issue

2010/11 Issue

2009/10 Issue
See Schedule of Improvement & Efficiency Reviews
See Schedule of Improvement & Efficiency Reviews
See Schedule of Improvement & Efficiency Reviews
2009/10 Issue

All Payments received

Reflects lower receipts from sale of Capital Assets and
reducing Bank interest rates.

See Schedule of Improvement & Efficiency Reviews

See Schedule of Improvement & Efficiency Reviews
See Schedule of Improvement & Efficiency Reviews
See Schedule of Improvement & Efficiency Reviews

