



# CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

## *Committee Report*

### Public

**Date of Meeting:** 11 December 2008  
**Title:** REVENUE BUDGET OVERVIEW AND MONITORING REPORT:  
APRIL TO SEPTEMBER 2008  
**Report of:** THE DIRECTOR OF CORPORATE SERVICES  
**Report reference:** CORP 59/08

### Summary:

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

Details of the position for each directorate can be found in Appendices A1 to A6, whilst Appendix B shows efficiency savings targets set for 2008/09 to 2010/11.

At the end of September there is a shortfall of approximately £243,000 against the income target for fees and charges (para. 6.2). However, at this stage, the updated forecast outturn position (para. 5.2) shows that there is capacity to contain this shortfall within the overall budget for the year. Unfortunately, the position is likely to be more difficult in future years, and assumptions on income generation and other budget pressures, identified in this report, will be considered as part of the 2009/10-budget process.

### Recommendations:

Members of the Corporate Resources Overview and Scrutiny Committee are asked to note the budgetary position for the period April to September 2008, noting that the Executive considered this report on 17 November 2008.

**Contact Officer:** Shelagh McGregor

**Ext:** 7290

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~~  
CORP39/08



# REPORT TO EXECUTIVE

## PORTFOLIO AREA: FINANCE AND PERFORMANCE MANAGEMENT

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Date of Meeting: 17 November 2008

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Public

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Key Decision: No

Recorded in Forward Plan:

No

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Inside Policy Framework

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This report provides an overview of the Council's overall budgetary position for the period April to September 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 September 2008;
- (ii) Note the potential forecast year end position for 2008/09, noting that options to address any variances will be considered as part of the 2009/10 budget process; and
- (iii) Note the planned efficiencies

**Contact Officer:** Maureen McCartney

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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  
17 November 2008

CORP59/08

### REVENUE BUDGET OVERVIEW AND MONITORING REPORT APRIL TO SEPTEMBER 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.
- 1.4 The information in this report will be used to inform the 2009/10-budget process with initial budget reports being considered by the Executive on 24 November 2008.

#### **2. REVENUE BUDGET OVERVIEW**

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

<b>2008/09 Revenue Budget</b>	<b>£</b>
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
<b>Revised Budget 2008/09 at September 2008</b>	<b>19,041,900</b>

- 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
<b>Total</b>	<b>319,900</b>

### 3. 2008/09 BUDGET MONITORING

- 3.1 The summarised budgetary position as at September 2008 is shown below, including the adjusted variance as at September 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	359,700	178,138	160,836	(17,302)	(47,364)	
Community Services	12,156,800	7,295,913	7,433,018	137,105	(161,976)	4.7
Corporate Services	3,331,600	3,019,850	2,187,949	(831,901)	(168,565)	4.8
Development Services	(76,400)	(213,279)	(406,924)	(193,645)	27,666	4.9
Legal & Democratic Services	2,453,100	1,245,814	1,262,826	17,012	(52,008)	4.10
People, Policy & Performance Services	817,100	225,490	157,501	(67,989)	(54,010)	
<b>Total</b>	<b>19,041,900</b>	<b>11,751,926</b>	<b>10,795,206</b>	<b>(956,720)</b>	<b>(456,257)</b>	

- 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 September is £375,000 and transfers of £132,300 have been made (including £10,700 for flexible retirement), thus a deficit of £242,700 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 £290,800 have been made against the six months target of £296,570, as set out in Appendix A3, hence the deficit of £5,770. Although the situation on this target has improved it should be noted that this includes savings of £19,600 relating to strike deductions and it is unlikely that this level will be maintained, hence the potential shortfall of £169,100 forecast of the year end position in paragraph 5.2. The Salary Turnover target has not been achieved for the last two financial years. Whilst this will need to be 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 last year 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 this will be addressed as part of the exercise to identify the full costs of the Pay and Workforce Strategy.
- 4.4 Members will be aware that officers continue to monitor the Council's partial exemption limit for VAT purposes following the decision, made during 2007/08, to opt to tax the majority of the Council's land and property portfolio due to the risk that the 5% partial exemption limit would be breached. Although there is now no specific requirement from HM Revenues and Customs (HMRC) to do so, it was deemed prudent to continue the monitoring procedures and for the six-month period to September 2008, the Council is well below the 5% limit at 0.89%.
- 4.5 Members will also be aware that an external firm of accountants was 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 two claims have been submitted and these have been accepted by HMRC. The 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. Work is continuing and it is hoped that two further claims will be submitted to HMRC in November. These should be for significant sums although, at the time of writing this report, the values are not known. An update on the progress of these claims and relevant figures will be included in the next quarterly 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 not yet known these are expected to be at a similar level. The final head rent reconciliation's are still to be provided from the managing agent and once agreed the figures will be included within the updated MTFP projections as part of the budget process for 2009/10. 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:

- £91,600 overspend on Buildings Maintenance is mainly due to sub contractor costs and under achievements against the external income. There has been an overspend on the budget in this area in the last two financial years and an Improvement and Efficiency Review has been undertaken to assess current efficiency and value for money. A draft report has been issued for consideration by senior officers and the findings will be presented to a future meeting of the Executive;
- £170,800 overspend on Parking is due to a shortfall in income of £72,100 from tickets, £25,500 from PCN's and £13,200 for contract parking. In addition, there has been a shortfall in income of £70,000 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;

- £35,500 overspend on Recycling and Waste Management is due in part to higher agency staff and tipping charges than budgeted for. 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:

- £248,500 'overspend' relating to the corporate Vacancy Management and Staff Turnover target budget (see paragraphs 4.1 and 4.2 above);
- £572,200 underspend due to savings on the MRP of £388,900 and £183,400 over achieved returns on Money Market deposits. Short-term interest received in particular has improved as a result of the credit crunch as this has inflated money market rates well above normal levels. This will be reported on in more detail during the budget process;
- £214,100 underspend on Insurance resulting from the tender of the new contract;
- £48,900 additional income recovered for court costs;
- £189,400 underspend on the anticipated cost of the Concessionary Fares contractor payments. Current trends suggest that the year end underspend may be as high as £250,000 however, as reported to Executive on 20<sup>th</sup> October 2008, these figures are based on very early ridership trends and the inclement weather severely reduced the numbers used for the original budget. A 10% increase in ridership would negate the revised year end projections.

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

- £240,900 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;
- £23,300 overspend in Planning Delivery Grant relates to additional storage and agency staff costs. Notification of the provisional level of grant that can be expected in 2008/09 has now been received; the allocation of £148,426 is split between revenue and capital and is subject to change;
- £64,000 overspend in Development Control is due to environmental and noise assessment costs of £15,700 at the airport and £37,200 reduced income.

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

- £67,400 overspend in Land Charges due mainly to under achieved income from search fees. The Executive's attention is drawn to the significant effect which this reduction in income might have on the Directorate's budget with a projected annual shortfall in the region of £203,000, assuming the shortfall on Land

Charges income continues on a reducing line basis, and this needs to be given early consideration.

## 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 will be addressed as part of the budget process 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	246,400
• Salary Turnover Savings	169,100
• Increased energy costs	128,000
• Increased fuel costs	97,000
• Shortfall in car parking income	217,000
• Shortfall in land charges income	203,000
• Building Maintenance costs	120,000
• Recycling costs	<u>35,000</u>
	<u>1,215,500</u>

Potential Year End Reduction in costs/Additional income

	£
• Additional investment income	(350,000)
• Reduced Concessionary Fares payments	(250,000)
• Additional recovery of overpaid benefits	(30,000)
• Savings on insurance tender	(214,000)
• Industrial Estates backdated rent income	(300,000)
• VAT refund	(232,000)
• Audit fee	(20,000)
• Savings in MRP	<u>(580,000)</u>
	<u>(1,976,000)</u>
<b>Net saving</b>	<b><u>(760,500)</u></b>

- 5.3 This net 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. A prudent approach will still be required to avoid any significant variances at the year-end and to ensure a sustainable budget position for future years.

**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:

<b>Budget Area</b>	<b>Annual Budget £</b>	<b>Budget to date £</b>	<b>Actual to date £</b>	<b>Variance £</b>
Car Parking	(1,552,000)	(863,236)	(747,377)	115,859
Bereavement Services	(1,046,800)	(491,256)	(459,415)	31,841
Tullie House	(78,100)	(34,614)	(28,524)	6,090
Land Charges	(325,500)	(162,816)	(73,746)	89,070

- 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

September 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 the Green Travel Plan and the economic downturn. The charges review and car park strategy will more fully consider 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 £31,841 as at September, due to a lower death rate than that incorporated in the income estimate. The position continues to be closely monitored and the charges review will consider 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 expected shortly and this should include an assessment of whether the remaining budget will be achieved with the current price structure.
- 6.6 The annual budget for income from Land Charges was reduced by £53,000 for 2008/09. There is a shortfall of £89,070 against the budget to the end of September, 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 30/9/08	Note
Investments	£22.8m	£31.0m	(i)
Loans	£15.1m	£15.1m	(ii)
Debtors	£ 2.6m	£ 2.5m	(iii)
Creditors	£ 1.7m	£ 0.4m	

- (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. A revised projection will be incorporated into the forthcoming budget cycle but will be at least £350,000 above the original budget.

- (ii) The cost of managing this debt, in terms of interest payable, is budgeted at £1,325,100 in 2008/09 with costs 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 £2.1m will be required from the Council's Revenue Reserves (£1m for PWS, £1,803,000 for non-recurring expenditure and contribution to reserves relating to recurring expenditure of £686,000) to fund revenue expenditure in 2009/10 (including £647,800 of 2007/08 carry forwards). 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 second 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 is continuing to 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 following table illustrates the current baseline and annual efficiency targets over the CSR07 period using the overall Local Government multiplicative targets: -

		£
<b>2007/08 Baseline</b>	Total Net Service Expenditure	22,679,000
	Total Capital Expenditure	6,016,000
	<b>Total Baseline =</b>	<b>28,695,000</b>
<b>2008/09 Target</b>	3.00%	860,850
<b>2009/10 Target</b>	6.10%	1,750,395
<b>2010/11 Target</b>	9.30%	2,668,635

Financial projections indicate a shortfall in the Councils budget requirement in 2008/09 and in following years. To address this shortfall a new budget discipline was approved and implemented as part of the 2008/09-budget process. One of the key areas in the budget discipline identifies the need for a strategy to: -

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

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

Details of these applicable efficiency savings targets can be found at **Appendix B**. The progress against these targets is being considered as part of the Budget Process. The 3<sup>rd</sup> quarter monitoring report will provide detailed information regarding the savings achieved.

## **8. CONSULTATION**

### **8.1 Consultation to Date.**

SMT have considered the issues raised in this report.

### **8.2 Consultation proposed.**

Corporate Resources Overview & Scrutiny Committee will consider the report on 11<sup>th</sup> December 2008.

## **9. RECOMMENDATIONS**

The Executive is asked to:

- (i) Note and comment on the budgetary and performance position of the Council to September 2008;
- (ii) Note that potential forecast year end position for 2008/09, noting that options to address any variances will be considered as part of the 2009/10 budget process; 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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**CARLISLE RENAISSANCE****Position as at 30 September 2008**

	<b>Gross Expenditure £</b>	<b>Gross Income £</b>	<b>Recharges £</b>	<b>Total £</b>
Annual Budget	359,700	0	0	<b>359,700</b>
Budget to date	438,138	(260,000)	0	<b>178,138</b>
Total Actual	426,560	(265,724)	0	<b>160,836</b>
Variance	<b>(11,578)</b>	<b>(5,724)</b>	<b>0</b>	<b>(17,302)</b>

**Analysis of Variances**

<b>Service</b>	<b>Note</b>	<b>Expenditure Variance £</b>	<b>Income Variance £</b>	<b>Total Variance £</b>
Carlisle Renaissance	1	(10,616)	0	(10,616)
Pre Approval Project		(2,632)	(7,273)	(9,905)
External Staff		1,670	1,549	3,219
<b>Total Variance to date</b>		<b>(11,578)</b>	<b>(5,724)</b>	<b>(17,302)</b>

**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.

1. The appointment of staff has been delayed pending completion of the Action Plan and the 'Core Costs' grant agreement with NWDA.

**COMMUNITY SERVICES****Position as at 30 September 2008**

	<b>Gross Expenditure £</b>	<b>Gross Income £</b>	<b>Recharges £</b>	<b>Total £</b>
Annual Budget	30,593,300	(7,944,200)	(10,492,300)	<b>12,156,800</b>
Budget to date	16,373,247	(4,369,943)	(4,707,391)	<b>7,295,913</b>
Total Actual	16,235,123	(4,280,509)	(4,521,596)	<b>7,433,018</b>
Variance	<b>(138,124)</b>	<b>89,434</b>	<b>185,795</b>	<b>137,105</b>

**Analysis of Variances**

<b>Service</b>	<b>Note</b>	<b>Expenditure Variance £</b>	<b>Income Variance £</b>	<b>Total Variance £</b>
Garage	1	(21,260)	26,663	5,403
Building Maintenance	2	7,879	83,759	91,638
Bereavement Services	3	(17,548)	27,354	9,806
Pest Control	4	526	15,282	15,808
Food Health and Safety	5	(26,218)	(4,417)	(30,635)
Area Maintenance	6	(47,397)	21,497	(25,900)
Green Spaces Management	7	17,410	13,261	30,671
Highways Management	8	(9,854)	(11,657)	(21,511)
Highways Claimed Rights	9	(74,040)	116,638	42,598
Public Lighting	10	(22,280)	0	(22,280)
Car Parking	11	(443)	171,282	170,839
Recycling & Waste Management	12	133,434	(97,983)	35,451
Tullie House	13	18,210	(52,724)	(34,514)
Miscellaneous variances	14	(96,543)	(33,726)	(130,269)
<b>Total Variance to date</b>		<b>(138,124)</b>	<b>275,229</b>	<b>137,105</b>

**Director's Comments**

1. Shortfall in fees offset by reduced supplies and materials. The service has been affected by the additional costs of long term sick leave arrangements.
2. An overspend due to subcontractor costs and unachieved external income is partly offset by underspent materials and salary costs, due to unfilled positions. The decision on the service review is outstanding.
3. Shortfall in cremation fees offset by surplus income from burial rights and interments, and reduced energy and maintenance costs.
4. Shortfall in fees.
5. Underspend on staffing and surplus fees.
6. Underspends on materials partly offset by overspends on employees and under achieved income from internal work.
7. Overspend on horticultural maintenance costs.
8. Underspend on various schemes particularly small scale projects.
9. Underspends on insurance provision and schemes with resultant reduction in income.
10. Underspend on maintenance costs.
11. Shortfall in income across all car parks, contracts and PCNs.
12. Overspend relating to additional costs of the alternative weekly collection scheme (agency staff & tipping charges), offset by additional income.
13. Shortfall in income from sales and admissions, offset by additional income from catering and conferences and underspent advertising costs. The service review of Tullie House governance is ongoing.
14. Savings in management and admin, and repair and maintenance costs.

**CORPORATE SERVICES****Position as at 30 September 2008**

	<b>Gross Expenditure £</b>	<b>Gross Income £</b>	<b>Recharges £</b>	<b>Total £</b>
Annual Budget	37,127,300	(29,698,000)	(4,097,700)	<b>3,331,600</b>
Budget to date	20,674,472	(15,378,943)	(2,275,679)	<b>3,019,850</b>
Total Actual	20,098,234	(15,637,965)	(2,272,320)	<b>2,187,949</b>
Variance	<b>(576,238)</b>	<b>(259,022)</b>	<b>3,359</b>	<b>(831,901)</b>

**Analysis of Variances**

<b>Service</b>	<b>Note</b>	<b>Expenditure Variance £</b>	<b>Income Variance £</b>	<b>Total Variance £</b>
Director of Corporate Services	1	(55,092)	(30)	(55,122)
Treasury Management	2	(384,860)	(183,354)	(568,214)
Other Financial Costs	3	277,910	(27,502)	250,408
Insurance Holding account	4	(202,598)	(828)	(203,426)
Recovery	5	(841)	(48,052)	(48,893)
Concessionary Fares	6	(181,735)	(8,600)	(190,335)
Miscellaneous variances		(29,022)	12,703	(16,319)
<b>Total Variance to date</b>		<b>(576,238)</b>	<b>(255,663)</b>	<b>(831,901)</b>

**Director's Comments**

1. A budget of £100,000 for 2008/09 for Shared services Efficiency savings is held here. To date, £10,000 has been allocated for ICT, £25,000 for RBS Shared Services, and £13,400 to CLS.
2. Reduced MRP charge and increased investment interest.
3. Under achieved savings of £242,700 for Vacancy Management and £5,770 for Salary Turnover.
4. Savings from the tender for the new insurance contract.
5. Additional recovery of court costs.
6. Under budget contractor payments.

**DEVELOPMENT SERVICES****Position as at 30 September 2008**

	<b>Gross Expenditure £</b>	<b>Gross Income £</b>	<b>Recharges £</b>	<b>Total £</b>
Annual Budget	8,265,200	(7,091,800)	(1,249,800)	<b>(76,400)</b>
Budget to date	4,492,842	(4,080,962)	(625,159)	<b>(213,279)</b>
Total Actual	4,545,658	(4,326,732)	(625,850)	<b>(406,924)</b>
Variance	<b>52,816</b>	<b>(245,770)</b>	<b>(691)</b>	<b>(193,645)</b>

**Analysis of Variances**

<b>Service</b>	<b>Note</b>	<b>Expenditure Variance £</b>	<b>Income Variance £</b>	<b>Total Variance £</b>
Industrial Estates	1	(8,395)	(232,549)	(240,944)
Planning Delivery Grant	2	21,918	1,394	23,312
Development Control	3	27,704	37,188	64,892
Building Control Operations	4	(22,834)	6,363	(16,471)
Miscellaneous variances		34,423	(58,857)	(24,434)
<b>Total Variance to date</b>		<b>52,816</b>	<b>(246,461)</b>	<b>(193,645)</b>

**Director's Comments**

1. Additional income from compensation and rent reviews arrears payments.
2. Additional costs of storage and agency staff.
3. Overspend on Airport environmental and noise assessment costs and reduced income.
4. Reduced staff costs and income due to fall in workload.

**LEGAL & DEMOCRATIC SERVICES****Position as at 30 September 2008**

	<b>Gross Expenditure £</b>	<b>Gross Income £</b>	<b>Recharges £</b>	<b>Total £</b>
Annual Budget	3,975,400	(578,300)	(944,000)	<b>2,453,100</b>
Budget to date	2,038,573	(320,560)	(472,199)	<b>1,245,814</b>
Total Actual	2,001,790	(264,324)	(474,640)	<b>1,262,826</b>
Variance	<b>(36,783)</b>	<b>56,236</b>	<b>(2,441)</b>	<b>17,012</b>

**Analysis of Variances**

<b>Service</b>	<b>Note</b>	<b>Expenditure Variance £</b>	<b>Income Variance £</b>	<b>Total Variance £</b>
Land Charges	1	(21,716)	89,070	67,354
Licensing	2	(670)	(14,351)	(15,021)
Mayor's Charity Account		130	(3,179)	(3,049)
Miscellaneous variances		(14,527)	(17,745)	(32,272)
<b>Total Variance to date</b>		<b>(36,783)</b>	<b>53,795</b>	<b>17,012</b>

**Director's Comments**

1. Reduced income from search fees is partly offset by underspent expenses, due to the slow down in the house market.
2. Surplus income due to the Gambling Act 2005

PENDIX A5

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**PEOPLE, POLICY & PERFORMANCE SERVICES****Position as at 30 September 2008**

	<b>Gross Expenditure £</b>	<b>Gross Income £</b>	<b>Recharges £</b>	<b>Total £</b>
Annual Budget	3,314,500	(274,100)	(2,223,300)	<b>817,100</b>
Budget to date	1,564,537	(271,850)	(1,067,197)	<b>225,490</b>
Total Actual	1,526,069	(300,477)	(1,068,091)	<b>157,501</b>
Variance	<b>(38,468)</b>	<b>(28,627)</b>	<b>(894)</b>	<b>(67,989)</b>

**Analysis of Variances**

<b>Service</b>	<b>Note</b>	<b>Expenditure Variance £</b>	<b>Income Variance £</b>	<b>Total Variance £</b>
Miscellaneous		(38,468)	(29,521)	(67,989)
<b>Total Variance to date</b>		<b>(38,468)</b>	<b>(29,521)</b>	<b>(67,989)</b>

**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.

## APPENDIX B

Applicable Efficiency Measures	2008/09	2009/10	2010/2011	Notes:
<b>Proposed Revenue Budget Reductions 2008/09 - 2010/11</b>				
Income in Excess of Target - Development Services	53,000	53,000	53,000	Needs to demonstrate increased staff performance
Income in Excess of Target - Licensing	3,000	3,000	3,000	Needs to demonstrate increased staff performance
Shared Service income (Revs & Bens Management Copeland)	25,000	25,000	25,000	Providing no additional R&B resources employed
Energy Efficiency Advice Centre	35,000	35,000	35,000	Same service by different provider. TUPE Transfer
Review Operation of TIC	23,000	46,000	46,000	Increased capacity through joint working
Community Services Review	53,000	153,000	153,000	Dependant on outcome of service review
Printing & Copying Review	40,000	40,000	40,000	Providing no detrimental effect on service
Vacancy Management	500,000	1,040,000	1,040,000	Providing no detrimental effect on service
Renewals Reserve Savings	206,000	245,000	422,000	Alternative method of financing required
Conference Group	15,000	29,000	29,000	Through revised working practices aims to be self funding
Sub Total :	953,000	1,669,000	1,846,000	
<b>Improvement/Efficiency Reviews</b>				
Creditors	20,000	20,000	20,000	Minimum of £20k DIP transferred from Customer Services
Stores	7,250	7,250	7,250	Based on 5% of 2008/09 Budget = (£48,600+ £96,400)
Customer Services	36,200	36,200	36,200	Based on 5% of 2008/09 Budget = £724,000
ICT Shared Service	0	3,000	79,000	Based on September 2008 Business Case
Marketing	14,725	14,725	14,725	Suggest this should be Communications Unit budget of £294,500.
Procurement	100,000	100,000	100,000	Included in Base Budget 2008/09
Waste Services	0	0	0	Awaiting outcome of service review as per exec 20/10/08
Sub Total :	178,175	181,175	257,175	
<b>Applicable Efficiency Measures Total:</b>	<b>1,131,175</b>	<b>1,850,175</b>	<b>2,103,175</b>	