



REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE

Date of Meeting: 15 February 2010

Public

Key Decision: No

Recorded in Forward Plan:

No

Inside Policy Framework

**Title: REVENUE BUDGET OVERVIEW AND MONITORING REPORT:
APRIL TO DECEMBER 2009**

Report of: ASSISTANT DIRECTOR [RESOURCES]

Report reference: RD74/09

Summary:

This report provides an overview of the Council's overall budgetary position for the period April to December 2009 for revenue schemes only. The revenue report includes details of balance sheet management issues, high-risk budgets, performance management, and progress against the Comprehensive Spending Review 2007 (CSR07) efficiency statement.

The overall position based on current projections suggests:

- (i) the year end position is likely to be £817,400 under spent
- (ii) of this, likely carry forward requests, i.e. when funding is committed but not spent in 2009/10, of £433,800 have been identified
- (iii) the net underspend available to repair the Council's depleted Revenue reserves is being estimated at £383,600
- (iv) greater savings in 2009/10 on the Transformation initiative at £298,506 against the budget of £175,000
- (v) most of the Council's high risk income streams performing better than expected, i.e. car parking, Development Control, Land Charges and Tullie House (but too early to suggest the recession is ending).

Recommendations:

The Executive is asked to:

- (i) Note the budgetary and performance position of the Council to December 2009
- (ii) Note the potential forecast year end position for 2009/10, and
- (iii) Note the planned efficiencies.

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CITY OF CARLISLE

To: The Executive
15 February 2010

RD74/09

REVENUE BUDGET OVERVIEW AND MONITORING REPORT APRIL TO DECEMBER 2009

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 In accordance with the City Council's Financial Procedure Rules, the Assistant Director [Resources] 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 Assistant Directors to control income and expenditure within their service areas and to monitor performance, taking account of financial information provided by the Assistant Director [Resources].
- 1.2 All Managers currently receive a monthly budget monitoring report covering their areas of responsibility. Information is collated from the main accounting system and then adjusted to correct any known budget profiling trends, timing differences and commitments. The report has been developed in line with the need to provide sound financial management information to inform the decision making process, which is also a requirement of the Use of Resources assessment.
- 1.3 Throughout the report, the use of brackets indicates a credit or income budget, and the term underspend also relates to additional income generated.

2. REVENUE BUDGET OVERVIEW

- 2.1 The following statement shows the total annual revenue budget as at December 2009:

| 2009/10 Revenue Budget | £ |
|--|-------------------|
| Approved Budget (Council Resolution - February 2009) | 21,483,900 |
| Carry Forward Requests (2008/09 outturn) | 1,005,600 |
| Revised Budget 2009/10 at December 2009 | 22,489,500 |
| Supplementary Estimates (non-recurring) | 931,000 |
| Change in Accounting Treatment for Area Based grant | (49,000) |
| Revised Budget 2009/10 at December 2009 | 23,371,500 |
| | |

3. 2009/10 BUDGET MONITORING

3.1 The summarised budgetary position as at December 2009 is shown below:

| Directorate | Annual Net Budget (£) | Net Budget to Date (£) | Net Expenditure to Date (£) | Adjusted Variance (£) | Potential under spend / carry forward (£) | Para. |
|------------------------------|-----------------------|------------------------|-----------------------------|-----------------------|---|-------|
| Carlisle Renaissance | 528,900 | 284,268 | 225,785 | (58,483) | (219,600) | 4.5 |
| Community Services | 12,730,900 | 9,890,437 | 9,084,373 | (806,064) | (213,600) | 4.6 |
| Corporate Services | 6,399,600 | 3,212,646 | 3,055,621 | (157,025) | (171,600) | 4.7 |
| Development Services | 225,900 | (607,341) | (545,741) | 61,600 | (82,500) | 4.8 |
| Legal & Democratic Services | 2,757,500 | 1,988,918 | 1,915,055 | (73,863) | (101,600) | 4.9 |
| People, Policy & Performance | 728,700 | 550,494 | 468,444 | (82,050) | (28,500) | |
| Total | 23,371,500 | 15,319,422 | 14,203,537 | (1,115,885) | (817,400) | |

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 Assistant 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 2009/10 is £440,000. The nine months target for April to December is £424,600 and transfers of £248,400 have been made, thus a shortfall of £176,200 is showing against the budget to date.

4.2 The Salary Turnover Savings budget is a corporate target for the Council and savings from salary budgets across the authority are measured and then transferred to it. The full year target for 2009/10 is £537,100 and transfers of £501,600 have been made against the nine months target of £402,900, as set out in Appendix A3, hence the surplus of £98,700.

- 4.3 The corporate savings target for changes due to the Transformation in 2009/10 has been set at £175,000 and it is expected that by the end of the year the total transformation savings achieved in 2009/10 will be approximately £300,000.

| SAVINGS ACHIEVED IN 2009/10 | £ |
|---|------------------|
| Savings from deletion of old Management structure | (375,446) |
| Savings taken to Salary Turnover (Director of Development Services) | (41,010) |
| Cost of new Management structure in 2009/10 | 90,769 |
| Cost of new posts/honoraria (Jan – Mar) (net) | 27,181 |
| Net Savings achievable in 2009/10 | (298,506) |
| | |

- 4.4 The employee budgets for 2009/10 include an estimated pay award at 2.5% and the recently accepted employers' offer of 1% (1.25% for the lower spinal column points) has now been paid. Savings of approximately £280,000 will accrue from this on a recurring basis. This recurring saving has been built into the budget proposals considered by Council on 2nd February 2010.
- 4.5 The main variances in **Carlisle Renaissance** are as follows:
- £56,000 of this underspend is earmarked as a carry forward to 2010/11.
- 4.6 The main variances in the **Community Services** are as follows:
- £80,600 underspend on Small Scale Projects due to lack of schemes committed
 - Surplus income of £48,400 from City Centre Events
 - £108,300 underspend on Highways Claimed Rights includes £27,400 on insurance excess and £107,700 on various schemes, partly offset by an overspend of £26,800 on winter maintenance.
 - Parking has a net underspend of £75,100 consisting mainly of:
 - Off Street Parking surplus of £117,200 on tickets sales and £9,400 from PCN's, offset by £30,600 shortfall from contract parking and £16,200 increased wastewater charges.
 - Recycling & Waste Management net underspend of £278,800 is particularly due to reduced transport costs. £160,000 relates to the one-off savings from the early termination of the refuse and recycling vehicle leases, and future years' budgets have been reduced in the Medium Term Financial Plan. An additional £71,000 under spend is due to reduced vehicle hire costs for cover when vehicles are out of action. Once the Green Box Tender has been finalised and the associated costs have been established, it is anticipated that this saving will be available at the year end and further savings made available for future years.

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

- £30,500 shortfall in income received from investments
- £59,900 underspend on the cost of Concessionary Fares.

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

- £57,600 shortfall on income from The Lanes head rent.
- £34,400 underspend on Industrial Estates includes £41,800 additional income due to change of use and rent reviews, partly offset by NNDR charges for properties acquired at Durranhill.
- £25,600 overspend on Development Control relates to £75,100 overspent on high profile applications costs, offset by £18,200 improvement on fee income and £35,200 underspend on Planning Standards 3 years bid programme.
- £50,200 net underspend on Hostels and Homeshares, particularly due to rents received with increased occupancy levels due to the economic downturn.

4.9 The main variances in **Legal and Democratic Services** are as follows:

- £61,200 underspend in Land Charges due to reduced Cumbria County Council search fees and expectations of income following the downturn in the housing market.

5. **FORECAST OUTTURN POSITION – 2009/10**

5.1 Although it is difficult to forecast the outturn position, the information contained within section 4 points to a position of under spend at the year-end. It should be possible to contain any over spends within the under spends within the overall budget provision. The Council's financial position is affected by a number of external factors and these 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 issues
- Concessionary fares
- Early termination of Recycling and Waste Collection vehicles' leases
- The effects of the housing market and property prices, especially with regard to income from land charges and rents

5.2 The impact and long term consequences of these issues continue to be closely monitored and will be reported fully at outturn. Using points highlighted in section 4, the following table attempts to provide a very broad estimate of the potential year end position, some of which have been fed into the 2010/11 budget process: (it should be noted that this forecast does not include the additional transformation savings provided in para. 4.3 above)

| Potential Additional costs/Shortfalls in income | £ | Para. |
|---|------------------|-------|
| <ul style="list-style-type: none"> Vacancy Management | 190,000 | 5.4 |
| <ul style="list-style-type: none"> Ratings Appeals | 73,400 | 5.5 |
| <ul style="list-style-type: none"> NNDR inflation adjustment | 57,800 | 5.6 |
| <ul style="list-style-type: none"> Shortfall in Lanes head rent | 77,000 | |
| <ul style="list-style-type: none"> Shortfall in Bereavement Services income | 70,000 | |
| <ul style="list-style-type: none"> CCTV/Pub/Shopwatch SLA income | 37,200 | |
| <ul style="list-style-type: none"> Shortfall in assigned property rates appeals | 23,000 | |
| <ul style="list-style-type: none"> Investment income shortfall | 30,000 | |
| <ul style="list-style-type: none"> Increased Surface Water drainage charges | 19,200 | |
| Total additional costs/income shortfalls | 577,600 | |
| Potential Reduction in costs/Additional income | | |
| <ul style="list-style-type: none"> Savings from pay award | (280,000) | 5.7 |
| <ul style="list-style-type: none"> Savings in vehicle leasing costs | (160,000) | 5.8 |
| <ul style="list-style-type: none"> Savings in transport hire | (75,000) | 5.8 |
| <ul style="list-style-type: none"> Savings in MRP | (80,000) | |
| <ul style="list-style-type: none"> Reduced Concessionary Fares payments | (70,000) | |
| <ul style="list-style-type: none"> Elections savings | (55,000) | 5.9 |
| <ul style="list-style-type: none"> Land Charges search fees and charges | (46,600) | |
| <ul style="list-style-type: none"> ECCP end of contract balance | (44,300) | |
| <ul style="list-style-type: none"> Improved car parking income | (40,000) | |
| <ul style="list-style-type: none"> Increased recovery of court costs | (35,000) | |
| <ul style="list-style-type: none"> Hostels contributions to rents | (30,000) | |
| <ul style="list-style-type: none"> LABGI | (18,000) | |
| <ul style="list-style-type: none"> Highways Claimed Rights insurance excess payments | (16,000) | |
| <ul style="list-style-type: none"> CLL fee inflation adjustment | (11,300) | |
| Total reduced costs/additional income | (961,200) | |
| Net Saving to be returned to Reserves | (383,600) | |
| Potential Budget Carry Forwards | | |
| Areas likely to be under spent at the year end and identified as potential budget carry forwards include; Carlisle Renaissance, Food Health and Safety, LABGI, Planning Standards, Pay and Workforce Strategy, Housing Regeneration and Supporting Vulnerable People. | £ | |
| Total Potential Carry Forwards | (433,800) | |
| Total Potential under spend/Carry Forward | (817,400) | |

- 5.3 The total of the potential net savings and year end carry forwards is the estimated year end variance, and the sum of the figures provided in the tables shown above has been included in the summarised budgetary position given in paragraph 3.1. A decision will need to be made as to the level of carry forwards that will be approved.
- 5.4 The prediction on Vacancy Management has been made on a worse case scenario and a sharp increase in staff turnover has improved the salary savings position so that it is likely that the target set for the year will be achieved.
- 5.5 An explanation of the cost associated with the rating appeal (£73,400) is given in the Part B report elsewhere on this agenda.
- 5.6 The general rate of inflation used to predict the increase on NNDR was much lower than the rate set by central government.
- 5.7 Employee budgets for 2009/10 include an estimated pay award at 2.5% and savings will accrue from the agreed increases of 1.25% on the lower scales and 1% elsewhere.
- 5.8 The anticipated savings from the early termination of Recycling and Waste vehicle leases, reported to the Executive in October 2008 in report CS.70/08. The effect on the revenue budget of purchasing rather than leasing vehicles has already been included in the Medium Term Financial Plan and any savings from this will have no long term impact on the base budget. These changes have impacted on the transport hire arrangements from which additional recurring savings are now anticipated, refer to para. 4.6.
- 5.9 Municipal Elections are held every three years in four and there are no elections scheduled in 2009/10.
- 5.10 The overall projected position is positive, although many of the positive benefits are non-recurring. It will be important to maintain a prudent approach so as to ensure a sustainable budget position for future years and to avoid any significant variance at the year end.

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 2009/10 Council Resolution.
- 6.2 The position of income budgets deemed to be high risk can be summarised as follows:

| Budget Area | Annual Budget £ | Budget to date £ | Actual to date £ | Variance £ | Para. |
|-----------------------------|--------------------|---------------------|---------------------|---------------|-------|
| Car Parking Income | (1,332,800) | (1030,021) | (1,154,257) | (124,236) | 6.3 |
| Bereavement Services Income | (1,081,400) | (794,226) | (724,687) | 69,539 | 6.4 |
| Development Control Income | (613,000) | (472,009) | (487,243) | (15,234) | 6.5 |
| Land Charges Income | (96,800) | (77,052) | (89,226) | (12,174) | 6.6 |
| Tullie House Income | (49,200) | (36,907) | (48,688) | (11,781) | 6.7 |

- 6.3 The income generated from car parking has been consistently lower than the level budgeted for a number of years and the annual budget for 2009/10 was reduced by £304,000 to represent a more realistic target. For the period April to December 2009 the income actually generated has improved significantly against the profiled target, slightly offset by reduced sales of contract parking spaces (refer to para. 4.6 above).
- 6.4 The 2009/10 budget for income from Bereavement Services was reduced by £42,000 in anticipation of a continuing downward trend. The shortfall as at December is due to a lower death rate than that incorporated in the income estimate. The position continues to be closely monitored.
- 6.5 Income for Development Control charges declined in last year mainly as a result of fewer planning applications received due to the economic downturn. It was agreed to lower the annual budget expectation by £39,000 until 2010/11.
- 6.6 The annual budget for income from Land Charges was further reduced by £241,000 for 2009/10 as a result of the impact of the current economic climate on the housing market.
- 6.7 Income for Tullie House has consistently been lower than the level budgeted for a number of years and as a result of the service review in last year a shortfall of £20,000 was met from savings made within existing budgets.

7. S.106's - COMMUTED SUMS

- 7.1 The City Council currently holds a balance of £269,966 of commuted sums to be used for the provision and/or maintenance of public open spaces, £108,020 of which is in respect of developments that are still incomplete. A further £407,152, relating to agreements for sites that have yet to be developed, is expected.

8. USE OF RESOURCES IMPROVEMENTS

8.1 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 31/3/09 | Balance at 31/12/09 | Note |
|--------------------|--------------------|---------------------|-------|
| Investments | £26.6m | £30.9m | (i) |
| Loans | £15.1m | £15.1m | (ii) |
| Debtors | £ 2.0m | £ 2.1m | (iii) |
| Creditors | £ 1.6m | £ 0.6m | |

- (i) The anticipated return on these investments is estimated at £870,000 for 2009/10 with current projections on target.
- (ii) The cost of managing this debt, in terms of interest payable, is budgeted at £1,326,500 in 2009/10 with costs currently on target. There are no proposals for further borrowing during 2009/10, 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 35/09), approved by full Council in September 2009. It is anticipated that £6.072m will be required from the Council's Revenue Reserves to fund revenue expenditure in 2009/10 (including £1,005,600 of 2008/09 carry forwards). Any under or overspend at the year end will adjust the balance transferred to or from the reserve. Council reserves are under significant pressure for 2009/10 and the savings strategy approved in February 2009 will help to resolve the projected deficit. However, further savings must be identified to replenish usable revenue reserves to the minimum required.

8.2 Priorities and Performance

The Corporate Performance Monitoring Report for the third quarter of 2009/10 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 themes (Economy and Environment) is acknowledged, and work is continuing to develop the links between performance, financial reporting and Council priorities.

8.3 CSR07 Efficiency Savings

Introduction

The 2009/10 Forecast Annual Efficiency Statement was submitted to the Department of Communities and Local Government [DCLG] on the 23rd October 2009 and illustrates the target set for the second year of the Comprehensive Spending Review period 2008-09 to 2010-11.

Comprehensive Spending Review (CSR07) NI 179

National Indicator 179 (NI 179) is one of the new indicators in the national indicator set and is the mechanism through which councils report their progress on achieving VFM gains in CSR07. The CSR07 VFM delivery plan states that, unlike Gershon, there will be no mandatory VFM target for all Councils. However, it is considered necessary for the Council to calculate its own baseline figures as a means to accurately monitor its progress. Appendix B illustrates the current baseline, future forecasts and achievements to date.

Corporate Efficiency Agenda

The Council is undertaking a transformation process to review all services and to make significant savings. Financial projections indicate a shortfall in the Councils budget requirement in 2009/10 and further pressures have identified that an additional £1million is needed in order to build reserves back up to a prudent level by 2014/15.

In order to address this shortfall a new budget discipline has been approved and implemented as part of the 2010/11 budget process. The savings strategy will concentrate on the following areas to deliver the required savings: -

- Deliver service improvement reviews, providing effective service delivery whilst pursuing a 5% reduction in the gross cost of those services;
- Carry out an asset review to deliver recurring income or a reduction in cost;
- As part of the transformation programme, alternative options for service delivery will be considered. Options under consideration will be shared services and the commissioning of services;
- Carry out reviews of those services which do not fall within the Council's core priorities or which are not statutory.

9. CONSULTATION

9.1 Consultation to Date.

SPG have considered the issues raised in this report.

9.2 Consultation proposed.

Resources Overview & Scrutiny Panel will consider the report on 18th February 2010.

10. RECOMMENDATIONS

The Executive is asked to:

- (i) Note the budgetary performance position of the Council to December 2009;
- (ii) Note the potential forecast year end position for 2009/10, and
- (iii) Note the planned efficiencies

11. 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.

12. 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 31 December 2009**

| | Gross Expenditure £ | Gross Income £ | Recharges £ | Total £ |
|----------------|-------------------------------|--------------------------|-----------------------|-------------------|
| Annual Budget | 2,149,900 | (1,621,000) | 0 | 528,900 |
| Budget to date | 1,000,847 | (716,579) | 0 | 284,268 |
| Total Actual | 942,075 | (716,290) | 0 | 225,785 |
| Variance | (58,772) | 289 | 0 | (58,483) |

Analysis of Variances

| Service | Note | Expenditure Variance £ | Income Variance £ | Total Variance £ |
|-------------------------------|-------------|----------------------------------|-----------------------------|----------------------------|
| Carlisle Renaissance | 1 | (55,900) | 0 | (55,900) |
| Miscellaneous variances | | (2,872) | 289 | (2,583) |
| Total Variance to date | | (58,772) | 289 | (58,483) |

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.

- The full establishment of staff has still not been achieved and underspends on the operational costs will also ensue if this is not progressed. It is anticipated at this stage that an underspend of at least £56,000 will be carried forward into next year.

COMMUNITY SERVICES**Position as at 31 December 2009**

| | Gross Expenditure £ | Gross Income £ | Recharges £ | Total £ |
|----------------|--------------------------------|---------------------------|------------------------|--------------------|
| Annual Budget | 33,071,800 | (14,846,400) | (5,494,500) | 12,730,900 |
| Budget to date | 24,829,310 | (7,611,105) | (7,327,768) | 9,890,437 |
| Total Actual | 23,567,033 | (7,579,934) | (6,902,726) | 9,084,373 |
| Variance | (1,262,277) | 31,171 | 425,042 | (806,064) |

Analysis of Variances

| Service | Note | Expenditure Variance £ | Income Variance £ | Total Variance £ |
|---------------------------------|-------------|---------------------------------------|----------------------------------|---------------------------------|
| Management and Administration | 1 | (33,900) | (953) | (34,853) |
| Bereavement Services | 2 | (4,904) | 67,514 | 62,610 |
| Car Parking | 3 | 46,381 | (121,480) | (75,099) |
| Highways Claimed Rights | 4 | (177,101) | 68,648 | (108,453) |
| Miscellaneous Highways Expenses | 5 | (86,438) | 0 | (86,438) |
| Pedestrianisation | 6 | (963) | (48,422) | (49,385) |
| Recycling & Waste Management | 7 | (263,163) | (15,633) | (278,796) |
| Tullie House | 8 | 66,273 | (63,671) | 2,602 |
| Miscellaneous variances | | (808,462) | 570,210 | (238,252) |
| Total Variance to date | | (1,262,277) | 456,213 | (806,064) |

Director's Comments

1. Underspends on supplies and services, ultimately costs recharged across directorate.
2. Shortfall in income [as detailed in paragraph 6.4].
3. Increased sewerage charges, shortfall in contracts; surplus income from ticket sales.
4. Underspend on schemes and insurance claims below excess.
5. Underspend on various schemes particularly small scale projects.
6. Surplus income from City Centre events
7. Reduced transport and hire costs.
8. Shortfall from sales and admissions, offset by additional income from grants, catering and conferences.
Savings across all budget headings are being reviewed to enable a balanced budget by the year end.

APPENDIX A2

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

| | Gross Expenditure £ | Gross Income £ | Recharges £ | Total £ |
|----------------|--------------------------------|---------------------------|------------------------|--------------------|
| Annual Budget | 45,125,500 | (34,528,800) | (4,197,100) | 6,399,600 |
| Budget to date | 33,043,290 | (26,577,888) | (3,252,756) | 3,212,646 |
| Total Actual | 32,922,767 | (26,621,494) | (3,245,652) | 3,055,621 |
| Variance | (120,523) | (43,606) | 7,104 | (157,025) |

Analysis of Variances

| Service | Note | Expenditure Variance £ | Income Variance £ | Total Variance £ |
|-------------------------------|-------------|---------------------------------------|----------------------------------|---------------------------------|
| Treasury Management | 1 | (3,616) | 30,448 | 26,832 |
| Other Financial Costs | 2 | (26,775) | (2,571) | (29,346) |
| Recovery | 3 | (2,832) | (20,587) | (23,419) |
| Concessionary Fares | 4 | (50,031) | (9,854) | (59,885) |
| Miscellaneous variances | | (37,269) | (33,938) | (71,207) |
| Total Variance to date | | (120,523) | (36,502) | (157,025) |

Director's Comments

1. Under achieved return on investments.
2. Deficit on savings to date of £176,190 for Vacancy Management, offset by surplus of £98,720 on Salary Turnover Savings. Transfers of £104,300 have been made to Transformation savings budgets with a further £194,206 identified to be moved by year end.
3. Increased recovery of court costs.
4. Lower than expected contractor payments.

DEVELOPMENT SERVICES**Position as at 31 December 2009**

| | Gross Expenditure £ | Gross Income £ | Recharges £ | Total £ |
|----------------|--------------------------------|---------------------------|------------------------|--------------------|
| Annual Budget | 9,169,400 | (7,556,800) | (1,337,700) | 274,900 |
| Budget to date | 6,225,619 | (5,829,540) | (1,003,420) | (607,341) |
| Total Actual | 6,261,109 | (5,803,436) | (1,003,414) | (545,741) |
| Variance | 35,490 | 26,104 | 6 | 61,600 |

Analysis of Variances

| Service | Note | Expenditure Variance £ | Income Variance £ | Total Variance £ |
|-------------------------------|-------------|---------------------------------------|----------------------------------|---------------------------------|
| Hostels and Homeshares | 1 | (25,001) | (25,177) | (50,178) |
| The Lanes | 2 | (1,460) | 57,088 | 55,628 |
| Industrial Estates | 3 | 7,434 | (41,836) | (34,402) |
| Corporate Properties | 4 | 24,207 | (291) | 23,916 |
| Development Control | 5 | 43,853 | (18,282) | 25,571 |
| Miscellaneous variances | | (13,543) | 54,608 | 41,065 |
| Total Variance to date | | 35,490 | 26,110 | 61,600 |

Director's Comments

1. Increased occupancy levels due to economic downturn, additional costs will ensue
2. Head rental less than initial forecast.
3. Increased income from change of use and rent reviews, NNDR for Durranshill property.
4. Unachieved savings on budget expectation for rates appeals.
5. Additional costs of high profile planning applications, partly offset by increased fees.

LEGAL & DEMOCRATIC SERVICES**Position as at 31 December 2009**

| | Gross Expenditure £ | Gross Income £ | Recharges £ | Total £ |
|----------------|--------------------------------|---------------------------|------------------------|--------------------|
| Annual Budget | 4,255,400 | (533,700) | (964,200) | 2,757,500 |
| Budget to date | 3,192,302 | (480,124) | (723,260) | 1,988,918 |
| Total Actual | 3,117,253 | (478,735) | (723,463) | 1,915,055 |
| Variance | (75,049) | 1,389 | (203) | (73,863) |

Analysis of Variances

| Service | Note | Expenditure Variance £ | Income Variance £ | Total Variance £ |
|-------------------------------|-------------|---------------------------------------|----------------------------------|---------------------------------|
| Municipal Elections | 1 | 3,140 | 26,980 | 30,120 |
| Land Charges | 2 | (77,052) | (12,174) | (89,226) |
| Miscellaneous variances | | (1,137) | (13,620) | (14,757) |
| Total Variance to date | | (75,049) | 1,186 | (73,863) |

Director's Comments

1. There are no Municipal Elections scheduled in this year, these are only held every three years in four.
2. Underspent expenses on search fees due to the ongoing downturn in the housing market and the expected fall in income has been lower than anticipated.

APPENDIX A5

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

| | Gross Expenditure £ | Gross Income £ | Recharges £ | Total £ |
|----------------|--------------------------------|---------------------------|------------------------|--------------------|
| Annual Budget | 3,196,100 | (134,900) | (2,332,500) | 728,700 |
| Budget to date | 2,383,776 | (133,553) | (1,699,729) | 550,494 |
| Total Actual | 2,294,822 | (148,961) | (1,677,417) | 468,444 |
| Variance | (88,954) | (15,408) | 22,312 | (82,050) |

Analysis of Variances

| Service | Note | Expenditure Variance £ | Income Variance £ | Total Variance £ |
|-------------------------------|-------------|---------------------------------------|----------------------------------|---------------------------------|
| Miscellaneous | | (88,954) | 6,904 | (82,050) |
| Total Variance to date | | (88,954) | 6,904 | (82,050) |

Director's Comments

There are no major variances to date on which to comment, however the start of some schemes has been delayed and further information is required to allocate budgets to match anticipated income and expenditure. Potential high risk areas identified in the 2008/09 Outturn report included the implementation of the Pay and Workforce Strategy and the final year's commitment to LSP, any slippage will be closely monitored.

CSR07 - 2007/08 Baseline Expenditure
Total Baseline Expenditure 32,672,000
Cumulative Targets for period 2008/09 to 2010/11 as a percentage of above Baseline

| | | |
|--|-----------|--------|
| 2008/09 CSR07 Efficiency Target = 3% | 980,160 | 3% |
| 2009/10 CSR07 Efficiency Target = 6.10% | 1,992,992 | 6.10% |
| 2010/11 CSR07 Efficiency Target = 10.30% (#) | 3,365,216 | 10.30% |

(#) = increase in 2010/11 by 1% point to be added to the total savings target

| CSR07/National Indicator 179 - Cash Releasing Value for Money Gains | Savings Strategy Criteria | 2008/09 | 2009/10 | 2009/10 | 2009/10 | Notes: How Obtained? |
|--|---------------------------|------------------|------------------|------------------|------------------|---|
| | | Achieved | Forecast | Apl-Dec Forecast | Apl-Dec Achieved | |
| Energy Efficiency Advice Centre | Eff Review | 35,000 | 35,000 | 26,250 | 26,250 | Same service by different provider. TUPE Transfer |
| Review Operation of TIC | Eff Review | 23,000 | 46,000 | 34,500 | 34,500 | Increased capacity obtained through joint working Initial efficiency obtained via staff deletion - Action plan produced for future |
| Community Development Review | Eff Review | 37,000 | 60,000 | 45,000 | 48,000 | years |
| Printing & Copying Review | Eff Review | 0 | 40,000 | 30,000 | 0 | Providing no detrimental effect on service |
| Conference Group | Eff Review | 15,000 | 29,000 | 21,750 | 20,000 | Through revised working practices aims to be self funding Capital Investment - efficiency achieved through lower energy |
| Carbon Trust - Invest to Save | Eff Review | 0 | 5,000 | 3,750 | 0 | useage/consumption |
| Stores | Eff Review | 0 | 7,000 | 5,250 | 5,250 | Based on 5% of 2008/09 Budget = (£48,600+ £96,400) |
| Customer Services | Eff Review | 0 | 36,000 | 27,000 | 0 | Based on 5% of 2008/09 Budget = £724,000 |
| ICT Shared Service | Eff Review | 0 | 3,000 | 2,250 | 2,250 | Based on September 2008 Business Case |
| Procurement - phase 1 | Eff Review | 100,000 | 100,000 | 75,000 | 75,000 | Smarter Procurement reduction at source included in Base Budget 2008/09 |
| Sub total: | | 210,000 | 361,000 | 270,750 | 211,250 | |
| 1 Shared Service income (Revs & Bens Management Copeland) | Eff Review | 25,000 | 25,000 | 18,750 | 18,750 | Increased income from management arrangement with Copeland BC. No additional R&B resources employed |
| 1 Shared Service Revenues & Benefits | Eff Review | 0 | 0 | 0 | 0 | Business Plan savings from Shared service |
| 1 ICT Shared Service - Capital Expenditure | Eff Review | 0 | 163,000 | 122,250 | 122,250 | Based on September 2008 Business Case |
| 2 Renewals Reserve Savings | Budget Saving | 206,000 | 245,000 | 183,750 | 183,750 | Alternative method of financing required |
| 2 Asset Disposals - interest on Capital Receipts | Budget Saving | 2,000 | 11,000 | 8,250 | 0 | Now considered CSR07 compliant |
| Cash Limited Budgets - General Inflation | Budget Saving | 0 | 0 | 0 | 0 | January 2010 - as instructed by AT. |
| 3 Salary Turnover | Budget Saving | 499,000 | 537,100 | 402,900 | 501,600 | Positions temporarily vacant prior to recruitment. |
| Transformation/Vacancy Management | Trans | 153,000 | 440,000 | 424,600 | 248,400 | Posts Deleted from Establishment |
| Transformation/Restructure (Programme of issues being progressed) | Trans | 0 | 175,000 | 175,000 | 298,506 | Better use of resources through more efficient structure |
| Sub total: | | 885,000 | 1,596,100 | 1,335,500 | 1,373,256 | |
| CSR07/NI179 Total : | | 1,095,000 | 1,957,100 | 1,606,250 | 1,584,506 | |

