

RESOURCES OVERVIEW AND SCRUTINY PANEL

Panel Report

Public

Date of Meeting: 16 February 2012

Title: REVENUE BUDGET OVERVIEW AND MONITORING REPORT:
APRIL TO DECEMBER 2011

Report of: Assistant Director (Resources)

Report reference: RD84/11

Summary:

This report provides an overview of the General Fund revenue budgetary position for the period April to December 2011 and was considered by the Executive on 13 February 2012.

Questions for / input required from Scrutiny: To note the variances contained within the report and the likely year end position.

Recommendations: Members of the Resources Overview and Scrutiny Panel are asked to note the budgetary position for the period April to December 2011, and the proposal to establish a Talkin Tarn Reserve to fund resurfacing and improvements to parking and other facilities at the Country Park.

Contact Officer: Maureen McCartney

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REPORT TO EXECUTIVE

PORTFOLIO AREA: GOVERNANCE AND RESOURCES

Date of Meeting: 13 February 2012

Public

Key Decision: No

Recorded in Forward Plan: No

Inside Policy Framework

Title: REVENUE BUDGET OVERVIEW AND MONITORING REPORT:
APRIL TO DECEMBER 2011

Report of: THE DIRECTOR OF RESOURCES

Report reference: RD84/11

Summary:

This report provides an overview of the Council's overall budgetary position for the period April to December 2011 for revenue schemes only. The revenue report includes details of balance sheet management issues, high-risk budgets, performance management.

RECOMMENDATIONS:

The Executive is asked to:

- (i) Note the budgetary performance position of the Council to December 2011,
- (ii) Note the potential forecast year end position for 2011/12; and
- (iii) Make recommendations to Council to approve the establishment and use of the Talkin Tarn Reserve in 2011/12, as detailed in paragraph 4.10.

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CITY OF CARLISLE

To: The Executive
13 February 2012

RD84/11

REVENUE BUDGET OVERVIEW AND MONITORING REPORT APRIL TO DECEMBER 2011

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 In accordance with the City Council's Financial Procedure Rules, the Director of 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 Directors to control income and expenditure within their service areas and to monitor performance, taking account of financial information provided by the Director of 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.
- 1.3 Throughout the report, the use of brackets indicates a credit or income budget.

2. REVENUE BUDGET OVERVIEW

- 2.1 The following statement shows the total annual revenue budget as at December 2011:

| 2011/12 Revenue Budget | £ |
|--|-------------------|
| Approved Budget (Council resolution – February 2011) | 14,214,000 |
| Carry forward requests (2010/11 out-turn) | 1,108,200 |
| Updated Budget 2011/12 at December 2011 | 15,322,200 |
| Non-Recurring Expenditure (note 1) | |
| Council Tax Freeze Grant (Realignment of Funding Stream) | (167,000) |
| Transformation Costs (Transformation Reserve) | 278,900 |
| Revised Budget 2011/12 | 15,434,100 |
| | |

3. 2011/12 BUDGET MONITORING

3.1 The summarised budgetary position as at December 2011 is shown below:

| Directorate / Appendix | | Annual Net Budget | Net Budget to date | Net Spend to date | Adjusted Variance |
|--------------------------|----|-------------------|--------------------|-------------------|-------------------|
| | | (£) | (£) | (£) | (£) |
| Chief Executive's Office | A1 | 1,162,700 | 825,315 | 795,818 | (29,497) |
| Community Engagement | A2 | 6,288,900 | 4,278,223 | 4,269,123 | (9,100) |
| Economic Development | A3 | 1,252,800 | 771,429 | 1,135,597 | 364,168 |
| Governance | A4 | 1,341,200 | 996,357 | 924,661 | (71,696) |
| Local Environment | A5 | 4,065,200 | 3,283,747 | 3,437,112 | 153,365 |
| Resources | A6 | 1,323,300 | 2,780,991 | 2,614,179 | (166,812) |
| Total | | 15,434,100 | 12,936,062 | 13,176,491 | 240,429 |

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 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 2011/12 is £537,100 and with transfers of £376,600 made against the nine months target of £402,900, as set out in Appendix A6, there is a deficit to date of £26,300. Whilst indications are that the ability to maintain the expected rate of salary saving is unsustainable, as salary budgets contract to a post transformation position, the year end shortfall is now likely to be less than £60,000 and this will continue to be monitored closely up to the year end.

4.2 The Council has budgets totalling £63,900 in 2011/12 for staff recruitment, advertising and relocation costs. There has been consistently less spent on these in recent years, (£32,200) in 2010/11 and (£24,300) in 2009/10 and there is continuing potential for savings on these budgets.

4.3 It is likely that there will be an income shortfall of rent received from the Lanes during 2011/12. Members will be aware that the Council no longer receives a guaranteed rental income and is now only entitled to a percentage of the gross rents. Information regarding lettings, voids, discounts etc. from the managing agents of the Lanes point to the Council's share being down by approximately £327,000 in 2011/12 due to the continuing effects of the recession.

- 4.4 The price of fuel continues to spiral due to increased duty and the effects of the “Arab Spring” political unrest in the Middle East and North Africa, increasing over the last year by 18%. The base budget remains at the same level as 2010/11, which was expended last year by £49,000, and it is estimated that the potential excess at the end of 2011/12 is likely to be £121,000.
- 4.5 It is expected that the continuing income shortfall on Development Control fees and increased costs of advertising planning applications, inquiries and legal expenses will result in a deficit of up to £360,000 at the year end.
- 4.6 The requirement to close the John Street Hostel and re-house the clients in other accommodation whilst the facilities were brought up to standard resulted in increased operational costs and a reduction in income. However, it is anticipated that the effect on ongoing income levels, due to any reduction in unit capacity now that the centre has re-opened, has been minimised by the introduction of changes to the service structure and working practices. Although there has been no adverse impact on target levels to the end of December the situation continues to be closely monitored.
- 4.7 A new prioritisation system for Disabled Facilities Grants has been implemented which balances control over the level of expenditure while minimising the risk to clients. The new procedures for the approval of grants and reducing the overall capital expenditure may have a negative impact on the revenue income generated from fees and whilst this may not have an immediate net effect on this year’s budgets the situation may become critical for targets in future years.
- 4.8 The purchase of a new fleet of vehicles in 2009/10 for the Recycling & Waste Collection service reduced the level of vehicle repairs and hire costs. These savings were reviewed as part of the Transformation process and incorporated into the Medium Term Financial Plan and whilst the changed arrangements continue to provide savings over the predicted level, this is partly offset by increases due to the ageing and inadequate fleet of street cleaning vehicles.
- 4.9 The release of the Prevention of Homelessness grant funding is to be used for enhancements to the current service provision, enabling the Homelessness section to provide positive pro-active interventions to people within the district. The level of grant funding currently provided in the budgets is £85,000 for 2011/12 and £61,100 for 2012/13. A further £23,900 for 2012/13 is included in the budget resolution to be submitted for approval by Council at its meeting on 7th February 2012 and brief details of the expected spend for these years are provided in the table below:-

| Description | 2011/12 £ | 2012/13 £ |
|---|---------------|---------------|
| Additional overtime and staff costs | 5,800 | 17,000 |
| Grants to voluntary bodies | 38,000 | 20,000 |
| Discretionary fund | 14,700 | 20,000 |
| Medical assessments | 5,000 | 5,000 |
| Postages and printing | 500 | 1,000 |
| Public transport for clients | 0 | 1,000 |
| B&B and temporary accommodation solutions | 20,000 | 20,000 |
| Emergency fund | 1,000 | 1,000 |
| Total | 85,000 | 85,000 |

- 4.10 A main objective in the Business Plan for Talkin Tarn Country Park, Report CS.07/07 approved by the Executive on 22nd January 2007, was that it should generate sufficient income so as not be a financial burden on the City Council's taxpayers and to cover the costs of maintaining the facilities to a high standard. Operating as a discrete business unit, any surpluses to be retained and used to improve the park's services and facilities, particularly those generated from car parking charges. From 2007/08 any surpluses generated from income within each year have been accrued and rolled forward, and at this year end there is expected to be a balance of £88,000. It is proposed that, subject to Executive and Council approval;
- (i) this be transferred and used to establish the Talkin Tarn Reserve, earmarked to be used for resurfacing and other improvements to parking and other facilities,
 - (ii) that the management of the Reserve rests with the Director of Local Environment, and
 - (iii) that approval to release funds from the Reserve can only be given by the Executive.

5. FORECAST OUTTURN POSITION – 2011/12

- 5.1 The Council's financial position is affected by a number of external factors that 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
 - 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 the points highlighted in section 4, the following table provides a broad estimate of the potential year end position:

| Potential Additional Costs/Shortfall in Income | Recurring | Non Recurring | Total expected at 31/10/11 | Revised Position |
|--|------------------|------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| Salary Turnover Savings | 300,000 | (141,000) | 159,000 | 55,000 |
| Lanes Guaranteed Rent | 276,900 | 50,500 | 327,400 | 327,100 |
| Tullie House Trust set-up | | | 0 | 42,000 |
| Tullie House stock and transfer costs | | | 0 | 32,000 |
| Highways Maintenance | | | 0 | 200,000 |
| Transport - Fuel costs | 100,000 | | 100,000 | 121,000 |
| Car Parking Ticket & Contract Income | 260,000 | 10,000 | 270,000 | 270,000 |
| Development Control Fees | 150,000 | | 150,000 | 250,000 |
| Development Control Expenses | 65,000 | 55,000 | 120,000 | 110,000 |
| Building Control Fees | 55,000 | | 55,000 | 65,000 |
| Energy | 55,000 | | 55,000 | 50,000 |
| NNDR & Sewerage Charges | 45,000 | | 45,000 | 45,000 |
| Industrial Estate ground rent | 32,000 | | 32,000 | 0 |
| MRP - Capital Programme increase | | 56,300 | 56,300 | 56,300 |
| Tipping Charges | 50,000 | 0 | 50,000 | 0 |
| Civic Centre Waste Collection | 5,100 | 0 | 5,100 | 5,100 |
| | | | | |
| Total additional costs/income shortfalls | 1,394,000 | 30,800 | 1,424,800 | 1,628,500 |
| Potential Reduction in costs/Additional income | | | | |
| Recruitment Advertising Costs | (50,000) | 25,000 | (25,000) | (25,000) |
| New Homes Bonus | (250,000) | | (250,000) | (243,500) |
| Housing Benefit Admin Grant | | (70,000) | (70,000) | (90,000) |
| Shared Service Pension transfer costs | | | 0 | (165,000) |
| Investment Income | | (80,000) | (80,000) | (120,000) |
| Revenues & Benefits Shared Services (STO) | | (70,000) | (70,000) | (59,800) |
| Recycling Income | | (120,000) | (120,000) | (80,600) |
| Transport - Vehicle hire and repairs | | (120,000) | (120,000) | (145,000) |
| Land Charges | | (20,000) | (20,000) | (29,500) |
| | | | | |
| Total reduced costs/additional income | (300,000) | (455,000) | (755,000) | (958,400) |
| | | | | |
| Net recurring/non recurring (savings)/shortfall | 1,094,000 | (424,200) | 669,800 | 670,100 |

| Other Year End Implications/Requirements: | | | | |
|--|------------------|-----------------|------------------|------------------|
| Non-Staffing Budgets Reductions (para. 5.4) | (100,000) | | (100,000) | (100,000) |
| Travel Reviews (Early Transformation Savings) | | | | (55,000) |
| Carry Forward Adjustments | | | | |
| - Property Services Consultants | | (80,700) | (80,700) | (80,700) |
| - Creditor Lists items not required | | (95,000) | (95,000) | (97,600) |
| Redundancy payments (worst case) | | 350,000 | 350,000 | 0 |
| Vacant Posts - 50% savings (LE) | | (268,400) | (268,400) | 0 |
| | | | | |
| Total requirements/(reductions) | (100,000) | (94,100) | (194,100) | (333,300) |
| | | | | |
| Total Potential Deficit | | | 475,700 | 336,800 |

5.3 Whilst the overall projected position is a deficit, as at the end of December there are savings of £318,000 on miscellaneous items. Some of these may be included in the above and further investigation work will be carried out. However, it is anticipated that there will be further savings available from non-staffing budgets following this exercise, with the potential to reduce the projected deficit figure above. With almost all of the positive benefits 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.

5.4 SMT are working on closing the gap on the potential year end position and investigating additional measures that can be put in place. These include a moratorium on other than essential spending and taking a rigorous attitude to requests for carry forwards, with only those where the funds are required for the completion of specific projects or where funding is provided by external sources, likely to be recommended for consideration to be rolled forward.

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, recurring and non-recurring bids, approved in the 2011/12 Council Resolution.

6.2 The summarised position of income budgets deemed to be high risk is as follows:

| Budget Area | Annual Budget £ | Budget to date £ | Actual to date £ | Variance £ |
|----------------------|----------------------------|-----------------------------|-----------------------------|-----------------------|
| Land Charges | (112,700) | (87,468) | (108,814) | (21,346) |
| Lanes | (1,583,200) | (1,187,400) | (929,471) | 257,929 |
| Development Control | (637,100) | (504,965) | (312,215) | 192,750 |
| Bereavement Services | (1,091,100) | (798,003) | (736,191) | 61,812 |
| Car Parking | (1,398,000) | (1,119,484) | (922,455) | 197,029 |

- 6.3 The annual budget for income from Land Charges was reduced by £251,000 for 2011/12 as a result of the continuing impact of the economic climate on the housing market. However, the income for the first half of the year is exceeding the new target by almost 25%.
- 6.4 Income from the Lanes fell short of the target in 2010/11 due to the number of vacant units and the budget for 2011/12 was reduced by £77,000 to meet the potential shortfall. Early indications show that the continuing shortfall will significantly exceed this reduction (refer to paras. 4.3 and 5.2 above).
- 6.5 Development Control charges income has continued to decline in recent years with fewer planning applications received due to the economic downturn and the annual budget expectation for 2011/12 was reduced by £46,100. The severity of the decline has been greater than anticipated and there is a shortfall of 38% on the downgraded target level for the period to December. A full review of the service costs, particularly the forecast for income levels, is outstanding and the position continues to be closely monitored.
- 6.6 The 2011/12 budget set in the MTFP for income from Bereavement Services was reduced in anticipation of a continuing downward trend. There is a shortfall on the income target for the first nine months of 2011/12 and this position is likely to continue. The unrealistic winter target levels and their affect on the year end position are addressed as part of the 2012/13 budget process and continue to be closely monitored.
- 6.7 Income generated from car parking has been consistently lower than the level budgeted for a number of years and for the period April to December 2011 there is a shortfall on the forecast to date of almost 18%. A full review of the car park strategy and the income targets has been undertaken and these are addressed as part of the budget setting process.

7. S.106 COMMUTED SUMS

- 7.1 The City Council currently holds a balance of £601,934 of commuted sums to be used for the provision and future maintenance of public open spaces and a further £451,506, relating to agreements for sites yet to be developed, is expected. In addition, the City Council is acting as custodian for sums totalling more than £785,000 in respect of projects for which Cumbria County Council is responsible, including the Caldew Cycleway and Public Realm. However, should the County Council not progress or the projects remain incomplete before the agreed deadlines these sums must be repaid, along with a premium for interest, to the Developers.

8. DIRECTION OF TRAVEL

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 31/03/2011 | Balance at 31/12/2011 | Note |
|--------------------|-----------------------|-----------------------|-------|
| Investments | £20.7m | £21.7m | (i) |
| Loans | £15.0m | £15.0m | (ii) |
| Debtors | £1.79m | £2.17m | (iii) |
| Creditors | £0.003m | £0.09m | |

(i) The anticipated return on these investments is estimated at £253,900 for 2011/12 with current projections above target.

(ii) The cost of managing this debt, in terms of interest payable, is budgeted at £1,322,100 in 2011/12 with costs currently on target. There are no proposals for further borrowing during 2011/12, 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, NNDR and outstanding claims with Cumbria County Council for Highways Claimed Rights and Civic Centre accommodation charges.

(iv) Use of reserves

The usage and level of all Council reserves are set out in the Medium Term Financial Plan (RD 27/10), approved by full Council in September 2010. It is anticipated that £1.4m will be required from the Council's Revenue Reserves to fund revenue expenditure in 2011/12 (including £1,108,200 of 2010/11 carry forwards). Any surplus or deficit at the year end will adjust the balance transferred to or from the reserve. Council reserves are under significant pressure for 2011/12 and the savings strategy approved in February 2011 will help to resolve the projected deficit. However, further savings must be identified to replenish usable revenue reserves to the minimum required.

(v) The Council's VAT partial exemption calculation for the period ending 31st December has been calculated at 3.37% which is well below the 5% limit set by HMRC.

8.2 Comprehensive Spending Review 2007

As a consequence of the Government spending review published in October 2010 the collection and submission of National Indicator 179 (NI179) has ceased. The requirement to deliver and provide two reports to the Department of Communities and Local government (DCLG) has been superseded by revised arrangements following the 2010 Spending Review.

9. CONSULTATION

9.1 Consultation to Date.

SMT and JMT have considered the issues raised in this report.

9.2 Consultation Proposed

Resources Overview & Scrutiny Panel will consider the report on 16 February 2012.

10. RECOMMENDATIONS

The Executive is asked to:

- (i) Note the budgetary performance position of the Council to December 2011,
- (ii) Note the potential forecast year end position for 2011/12; and
- (iii) Make recommendations to Council to approve the establishment and use of the Talkin Tarn reserve in 2011/12, as detailed in paragraph 4.10.

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 and JMT 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.

13. IMPACT ASSESSMENTS

| Equality Impact Screening | Impact Yes/No? | Impact positive/ negative? |
|--|----------------|----------------------------|
| Does the policy/service impact on the following? | | |
| Age | No | N/A |
| Disability | No | N/A |
| Race | No | N/A |
| Gender/ Transgender | No | N/A |
| Sexual Orientation | No | N/A |
| Religion or belief | No | N/A |
| Human Rights | No | N/A |
| Health inequalities | No | N/A |
| Rurality | No | N/A |

This report provides an overview of the Council's budgetary position for the period April to December 2011 for revenue schemes, gives reasons for variances and has no negative impact on the above.

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REVENUE BUDGET MONITORING 2011/12

| CHIEF EXECUTIVE'S OFFICE | Gross Expenditure | Gross Income | Recharges | Adjusted Total |
|-----------------------------------|-------------------|----------------|----------------|------------------|
| Position as at 31st December 2011 | £ | £ | £ | £ |
| Annual Budget | 1,286,900 | (21,800) | (102,400) | 1,162,700 |
| Budget to date | 918,588 | (16,460) | (76,813) | 825,315 |
| Total Actual | 895,101 | (20,117) | (79,166) | 795,818 |
| Variance | (23,487) | (3,657) | (2,353) | (29,497) |
| Carry Forwards | | | | 0 |
| Adjusted Variance | (23,487) | (3,657) | (2,353) | (29,497) |

| Analysis of Variances | | Expenditure Variance | Income Variance | Recharges Variance | Adjusted Variance |
|-------------------------------|------|----------------------|-----------------|--------------------|-------------------|
| Service | Note | £ | £ | £ | £ |
| Miscellaneous | 1 | (23,487) | (3,657) | (2,353) | (29,497) |
| Total Variance to date | | (23,487) | (3,657) | (2,353) | (29,497) |

| Note | Chief Executive's Comments |
|------|--|
| 1. | Cumulative savings across the service, including events, conferences, printing and training costs. |

REVENUE BUDGET MONITORING 2011/12

| COMMUNITY ENGAGEMENT | Gross Expenditure | Gross Income | Recharges | Adjusted Total |
|-----------------------------------|-------------------|------------------|-----------|------------------|
| Position as at 31st December 2011 | £ | £ | £ | £ |
| Annual Budget | 11,101,200 | (4,812,300) | 0 | 6,288,900 |
| Budget to date | 8,624,893 | (4,346,670) | 0 | 4,278,223 |
| Total Actual | 8,758,115 | (4,488,992) | 0 | 4,269,123 |
| Variance | 133,222 | (142,322) | 0 | (9,100) |
| Carry Forwards | | | | 0 |
| Adjusted Variance | 133,222 | (142,322) | 0 | (9,100) |

| Analysis of Variances | | Expenditure Variance | Income Variance | Recharges Variance | Adjusted Variance |
|-------------------------------------|------|----------------------|------------------|--------------------|-------------------|
| Service | Note | £ | £ | £ | £ |
| Culture, Leisure & Sport Management | 1 | 40,037 | 0 | 0 | 40,037 |
| Housing Regeneration | 2 | (2,438) | 12,560 | 0 | 10,122 |
| Revenues & Benefits Shared Services | 3 | (16,053) | (27,464) | 0 | (43,517) |
| Tullie House | 4 | 148,419 | (76,349) | 0 | 72,070 |
| Miscellaneous | 5 | (36,744) | (51,069) | 0 | (87,813) |
| Total Variance to date | | 133,222 | (142,322) | 0 | (9,100) |

| Note | Community Engagement - Director's Comments |
|------|--|
| 1. | Residual excess on costs of Tullie House transfer to trust status, significant savings have already been allocated from within the directorate and other service areas are to be targeted to offset the balance. |
| 2. | Net shortfall in income after additional grant and surplus HMO fees includes £19,100 shortfall on Disabled Facilities Capital Grants administration fees. Whilst a year end shortfall is anticipated, the extent of this is not yet clear. |
| 3. | Budgets across the shared services have yet to be fully incorporated and it is not expected that any savings will be available at the year end. |
| 4. | Tullie House transferred to Trust on 5th May 2011 and although allocations of expected budget savings have yet to be finalised, there will be a deficit position at year end at least in part due to arrangements for the transfer of stock. |
| 5. | Minor savings including premises repairs and surplus income from fees and charges across services; particularly Bitts Park Tennis and Hostels. |

REVENUE BUDGET MONITORING 2011/12

| ECONOMIC DEVELOPMENT | Gross Expenditure | Gross Income | Recharges | Adjusted Total |
|-----------------------------------|-------------------|----------------|-----------|----------------|
| Position as at 31st December 2011 | £ | £ | £ | £ |
| Annual Budget | 2,685,000 | (1,432,200) | 0 | 1,252,800 |
| Budget to date | 1,919,059 | (1,147,630) | 0 | 771,429 |
| Total Actual | 2,016,060 | (880,463) | 0 | 1,135,597 |
| Variance | 97,001 | 267,167 | 0 | 364,168 |
| Carry Forwards | | | | 0 |
| Adjusted Variance | 97,001 | 267,167 | 0 | 364,168 |

| Analysis of Variances | | Expenditure Variance | Income Variance | Recharges Variance | Adjusted Variance |
|-------------------------------|------|----------------------|-----------------|--------------------|-------------------|
| Service | Note | £ | £ | £ | £ |
| Building Control | 1 | (12,245) | 48,362 | 0 | 36,117 |
| Enterprise Centre | 2 | (5,340) | 30,130 | 0 | 24,791 |
| Carlisle TIC | 3 | (756) | 20,008 | 0 | 19,252 |
| Development Control | 4 | 100,932 | 193,090 | 0 | 294,023 |
| Miscellaneous | 5 | 14,410 | (24,423) | 0 | (10,014) |
| Total Variance to date | | 97,001 | 267,167 | 0 | 364,168 |

| Note | Economic Development - Director's Comments |
|------|---|
| 1. | Savings on supplies and services do not offset a shortfall in inspection, plan deposit and notice fees income. This is a ring fenced account and should be budgeted to break-even. The budget levels set aside for Building Control operations are to be adjusted over the coming year as part of the budget setting process. |
| 2. | Saving on premises maintenance and repairs, and income shortfall from lettings. |
| 3. | Income shortfall following poor sales of goods and tickets. |
| 4. | Excesses include professional fees (£54,520 Airport, £8,870 Crindledyke, £7,690 Windfarms) and shortfall on fee income. £25,020 over on advertising planning applications is to be investigated with a view to reducing future procurement costs. |
| 5. | Various minor excesses and surplus income. |

REVENUE BUDGET MONITORING 2011/12

| GOVERNANCE | Gross Expenditure | Gross Income | Recharges | Adjusted Total |
|-----------------------------------|-------------------|-----------------|-----------|-----------------|
| Position as at 31st December 2011 | £ | £ | £ | £ |
| Annual Budget | 1,983,800 | (642,600) | 0 | 1,341,200 |
| Budget to date | 1,579,999 | (583,642) | 0 | 996,357 |
| Total Actual | 1,563,238 | (638,577) | 0 | 924,661 |
| Variance | (16,761) | (54,935) | 0 | (71,696) |
| Carry Forwards | | | | 0 |
| Adjusted Variance | (16,761) | (54,935) | 0 | (71,696) |

| Analysis of Variances | | Expenditure Variance | Income Variance | Recharges Variance | Adjusted Variance |
|-------------------------------|------|----------------------|-----------------|--------------------|-------------------|
| Service | Note | £ | £ | £ | £ |
| Land Charges | 1 | (5,132) | (21,346) | 0 | (26,478) |
| Committee Services | 2 | (16,232) | 0 | 0 | (16,232) |
| Miscellaneous | 3 | 4,603 | (33,588) | 0 | (28,986) |
| Total Variance to date | | (16,761) | (54,935) | 0 | (71,696) |

| Note | Governance - Director's Comments |
|------|---|
| 1. | The annual budgets for highways search costs and income from search fees were reduced by £251,000 in anticipation of the housing market downturn. The income budgets in particular, deemed as high risk, are currently exceeding this reduced budget level and a year end surplus of £29,500 is now expected. |
| 2. | Saving on printing and copying costs due to a reduction in the volume of committee papers required. However, at this stage it is not expected that this position will continue into the next financial year. |
| 3. | Net improvement due to surplus income from Licensing and Legal services. |

REVENUE BUDGET MONITORING 2011/12

| LOCAL ENVIRONMENT | Gross Expenditure | Gross Income | Recharges | Adjusted Total |
|-----------------------------------|-------------------|----------------|-----------|----------------|
| Position as at 31st December 2011 | £ | £ | £ | £ |
| Annual Budget | 14,335,100 | (10,269,900) | 0 | 4,065,200 |
| Budget to date | 10,948,979 | (7,665,232) | 0 | 3,283,747 |
| Total Actual | 10,135,931 | (6,698,819) | 0 | 3,437,112 |
| Variance | (813,048) | 966,413 | 0 | 153,365 |
| Carry Forwards | | | | 0 |
| Adjusted Variance | (813,048) | 966,413 | 0 | 153,365 |

| Analysis of Variances | | Expenditure Variance | Income Variance | Recharges Variance | Adjusted Variance |
|--------------------------------|------|----------------------|-----------------|--------------------|-------------------|
| Service | Note | £ | £ | £ | £ |
| Management & Administration | 1 | (32,152) | (243) | 0 | (32,396) |
| Cemeteries and Crematorium | 2 | 8,754 | 63,161 | 0 | 71,915 |
| CCTV | 3 | (40,575) | (4,406) | 0 | (44,981) |
| Environmental Protection | 4 | (39,600) | (5,630) | 0 | (45,231) |
| Street Cleaning | 5 | 22,214 | (15,633) | 0 | 6,582 |
| Parking | 6 | (56,718) | 283,166 | 0 | 226,448 |
| Highways & Area Maintenance | 7 | (135,663) | 402,541 | 0 | 266,878 |
| Highways Claimed Rights | 8 | (287,350) | 361,877 | 0 | 74,527 |
| Small Scale Community Projects | 9 | (29,027) | 0 | 0 | (29,027) |
| Misc. Highways Agency Expenses | 10 | 29,404 | (40,479) | 0 | (11,075) |
| Recycling & Waste Collection | 11 | (104,179) | (100,182) | 0 | (204,360) |
| Miscellaneous | 12 | (148,156) | 22,241 | 0 | (125,915) |
| Total Variance to date | | (813,048) | 966,413 | 0 | 153,365 |

| Note | Local Environment - Director's Comments |
|------|---|
| 1. | Unspent IT software, stationery etc. |
| 2. | Shortfall on expected level of fees from interments and cremations etc. The unrealistic income targets, particularly for the winter season, are to be addressed in the coming budget process. |
| 3. | Savings on equipment and contributions towards the operational costs of re-deployable cameras. |
| 4. | Savings on sample analysis, publicity and printing costs. |
| 5. | Additional transport costs, due to ageing vehicles. Spend on clean up after R1BW offset by contributions. |
| 6. | Savings on administration (£68,030) after the cost of the service study, traffic signage and maintenance (£40,260). Other major variances include: Off Street Parking: Additional costs £21,200 NNDR and £5,100 sewerage service charges; and income shortfall of £151,500 on ticket sales, £27,200 contract parking permits and £18,300 PCNs; On Street Parking: £73,500 net income shortfall from PCN's etc; Others: Net income shortfall £20,800 Eden contract. |
| 7. | Savings on materials and other operational expenses offset by shortfall on income and recharges for highways maintenance works. The year on year decrease in budgets for Claimed Rights and capital projects has put unexpected pressure on the Highways' Team's ability to achieve the level of income fixed in the budgets. The use of sub contractors for schemes and the consequent reduction in the ability to recover the overhead expenses is also being investigated. |
| 8. | Savings on materials and other costs offset by shortfall on income to be charged to Cumbria County Council, there are difficulties with profiling budgets in line with work schedules. |
| 9. | Savings on Ward schemes. |
| 10. | Net unspent budgets for ad hoc projects fully funded by Cumbria County Council. |
| 11. | Savings (£27,700) on management and bring site expenses. Net savings on refuse and recycling collection costs, including (£15,520) tipping charges, (£59,000) and (£28,450) transport repair and hire costs, £60,480 expend on diesel; and (£85,975) improved income. Net saving of (£54,350) on Green Box collection contract includes (£32,220) surplus income. |
| 12. | Various savings across the services including equipment, repairs and maintenance. |

REVENUE BUDGET MONITORING 2011/12

| RESOURCES | Gross Expenditure | Gross Income | Recharges | Adjusted Total |
|-----------------------------------|-------------------|-----------------|---------------|------------------|
| Position as at 31st December 2011 | £ | £ | £ | £ |
| Annual Budget | 46,039,700 | (43,893,500) | (822,900) | 1,323,300 |
| Budget to date | 36,527,830 | (33,111,024) | (635,815) | 2,780,991 |
| Total Actual | 36,375,149 | (33,175,298) | (585,672) | 2,614,179 |
| Variance | (152,681) | (64,274) | 50,143 | (166,812) |
| Carry Forwards | | | | 0 |
| Adjusted Variance | (152,681) | (64,274) | 50,143 | (166,812) |

| Analysis of Variances | | Expenditure Variance | Income Variance | Recharges Variance | Adjusted Variance |
|-------------------------------|------|----------------------|-----------------|--------------------|-------------------|
| Service | Note | £ | £ | £ | £ |
| Garage | 1 | (38,560) | 47,618 | 0 | 9,058 |
| Building Maintenance | 2 | (31,520) | 74,790 | 0 | 43,270 |
| Stores & Stock Account | 3 | 131,701 | (127,538) | 0 | 4,162 |
| Civic Centre | 4 | 26,975 | (17,153) | 0 | 9,822 |
| Treasury & Debt Management | 5 | 53,238 | (92,324) | 0 | (39,086) |
| Non Distributed Costs | 6 | (128,865) | 0 | 0 | (128,865) |
| Other Financial Costs | 7 | (256,255) | (223,481) | 0 | (479,736) |
| ICT Services | 8 | (7,674) | 0 | 42,861 | 35,187 |
| The Lanes | 9 | 5,130 | 257,929 | 0 | 263,059 |
| Denton Holme Trading Estate | 10 | 39,352 | (2,119) | 0 | 37,233 |
| Parkhouse IE | 11 | (37) | 21,350 | 0 | 21,313 |
| Corporate Management | 12 | 94,065 | 0 | 0 | 94,065 |
| Miscellaneous | 13 | (40,230) | (3,345) | 7,281 | (36,293) |
| Total Variance to date | | (152,681) | (64,274) | 50,143 | (166,812) |

| Note | Resources - Director's Comments |
|------|---|
| 1. | Savings on vehicle repairs offset by income shortfall on charges to all services. |
| 2. | Excess on sub contractors and shortfall on maintenance recharges, it is not expected that this position will continue until the year end. |
| 3. | Opening balance and excess on materials and supplies purchased on stores account, partly offset by recharges to services for stock issued. |
| 4. | More costly energy and waste disposal charges, investigations into how these can be reduced are underway. |
| 5. | Additional MRP and surplus income due to higher than expected return on investments. |
| 6. | Savings on pension contributions for employees transferred through shared services' agreements. |
| 7. | Net includes; £26,300 shortfall on salary turnover savings budget, (£191,800) potential Transformation savings set aside by Local Environment, (£97,600) savings on unrequired creditors b/fwd, (£243,500) New Homes Bonus, and £23,700 income shortfall on Council Tax discount for 2nd Homes. |
| 8. | Shortfall on income from ICT Connect printing and copying service, dedicated staff are no longer provided at the facility in Carlisle and consequently printing has been diverted to the new printers recently installed in the Civic Centre. |
| 9. | Income shortfall against rental targets due to the recession. |
| 10. | Increased cost of rent and back rent payments |
| 11. | Shortfall in rental income and it is unlikely that the anticipated ground rent increase will be achieved in this year. |
| 12. | Excess bank charges partly offset by reduction on Core Audit fees. |
| 13. | Various minor savings and surplus income. |