

CARLISLE CITY COUNCIL

Report to:- **Carlisle City Council**

Date of Meeting:- **6 March 2007**

Agenda Item No:-

Public

Title:- **REVENUE BUDGET OVERVIEW AND MONITORING
REPORT: APRIL TO DECEMBER 2006**

Report of:- **THE DIRECTOR OF CORPORATE RESOURCES**

Report reference:- **CORP 83/06**

Summary:-

This report provides an overview of the Council's revenue budgets for the period April to December 2006, and was considered by the Executive on 19 February 2007. The Executive recommended that the City Council approve the virements contained within the report, using additional income received to fund additional expenditure incurred.

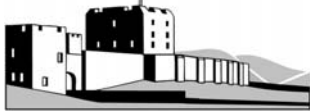
Recommendation:-

Council is asked to approve the virements contained within the report so that additional expenditure incurred can be funded from additional income received.

Contact Officer: Jackie Grierson

Ext: 7289

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None



REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE AND PERFORMANCE MANAGEMENT

Date of Meeting: 19 February 2007

Public

Key Decision: No

Recorded in Forward Plan:

No

Inside Policy Framework

Title: REVENUE BUDGET OVERVIEW AND MONITORING REPORT:
APRIL TO DECEMBER 2006

Report of: THE DIRECTOR OF CORPORATE SERVICES

Report reference: CORP83/06

Summary:

This report provides an overview of the Council's overall budgetary position for the period April to December 2006 for revenue schemes only. Progress against the annual Capital Programme is subject to a separate report, which is considered elsewhere on the agenda. This report includes details of balance sheet management issues, high-risk budgets, performance management, and progress against the Gershon efficiency statement.

Recommendations:

The Executive is asked to:

- (i) Note the contents of the report.
- (ii) Consider the virements identified in paragraph 8.2 for recommendation to Council
- (iii) Note the actual efficiency savings being achieved against the targets set

Contact Officer: Jackie Grierson

Ext: 7289

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

CITY OF CARLISLE

To: The Executive
19 February 2007

CORP83/06

REVENUE BUDGET OVERVIEW AND MONITORING REPORT APRIL TO DECEMBER 2006

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 In accordance with the City Council's Financial Procedure Rules, the Director of Corporate Services is required to report to the Executive on the overall budget position, the monitoring and control of expenditure against budget allocations and the exercise of virement on a regular basis. However, it is the responsibility of Directors to control income and expenditure within their service areas and to monitor performance, taking account of financial information provided by the Director of Corporate Services.
- 1.2 All Managers currently receive a monthly budget monitoring report covering their areas of responsibility. 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 From 2006/07 the format of the budget monitoring reports has changed. In line with the Best Value Accounting Code of Practice (BVACOP), reports show gross expenditure and gross income, which complements year-end reporting for the statement of accounts. This format replaces the former split between direct and indirect expenditure and income (although this analysis is still available if required).

2. REVENUE BUDGET OVERVIEW

2.1 The following statement shows the total revenue budget as at December 2006:

2006/07 Revenue Budget	£
Approved Budget (Council resolution – February 2006)	16,720,700
Carry forward requests (2005/06 out-turn)	1,739,500
Non-recurring supplementary estimates (paragraph 2.2)	287,900
Revised Budget 2006/07	18,748,100

2.2 Supplementary estimates approved during 2006/07 are shown below:

	£
Release from Asset Investment Reserve	100,000
Planning Standards (£315,000 over three years)	55,400
Raffles Vision	32,500
Response to the White Paper	<u>100,000</u>
	<u>287,900</u>

2.3 A further amendment since the production of December's Management Information reports is in respect of the provisional notification of the LABGI allocation for 2006/07. This will reduce the revised budget for 2006/07 by a further £1,153,000 which will be allocated to the project reserve pending approval of any schemes from the allocation.

3. 2006/07 BUDGET MONITORING

3.1 The summarised budgetary position as at December 2006 is shown below:

Directorate	Gross Expenditure Budget £	Gross Income Budget £	Net Annual budget £	Adjusted Variance £
Carlisle Renaissance	481,900	(5,000)	476,900	(15,428)
Community Services	18,792,600	(7,543,300)	11,249,300	147,395
Corporate Services	33,128,400	(29,394,100)	3,734,300	(307,483)
Development Services	7,221,300	(6,873,100)	348,200	(298,313)
Legal & Democratic Services	2,768,500	(540,400)	2,228,100	(66,841)
People, Policy & Performance Services	842,500	(131,200)	711,300	(124,430)
Total	63,235,200	(44,487,100)	18,748,100	(665,100)

- 3.2 The above underspend of £665,100 can be attributed to additional income and ringfenced grants and underspends on expenditure budgets. The flood recovery budget is underspent by £214,710 (included in Corporate Services), leaving a balance of £450,390 as the true underspend. In comparison, it should be noted that the underspend as at December 2005 was £1,230,800; the improved position reflects the enhanced budget monitoring procedures which have been put in place throughout the year.
- 3.3 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.
- 3.4 Potential carry forwards to 2007/08 for revenue schemes have been estimated at £384,800 to date: £104,800 relates to the Clean Neighbourhoods and Environment Act, £82,000 to Planning Services, £59,400 to LSP, £28,400 to Housing, £40,600 to Carlisle Renaissance, £47,900 to Property Services and £21,700 to a number of smaller items.
- 3.5 Within the Corporate Services directorate there are two underspends which are actually additional income. As at December, there has been a net increase in treasury management income of £44,000. The 2005/06 LABGI allocation (Local Authority Business Growth Initiative) is held within Corporate Services and to date shows an underspend of £107,200; this will be allocated during the remainder of the year as projects are identified.
- 3.6 Flood recovery is currently showing an underspend of £214,710. This underspend largely consists of income that has been received as part of the final insurance settlement but which has not yet been committed e.g. Bitts Park Depot, Sheepmount works etc. Some sums are also still held that were received by way of indemnity settlements.
- 3.7 The salary turnover target for 2006/07 was originally set at £467,600 but has since been increased and is now £489,300. Savings taken to date against this budget are currently showing a shortfall of £122,623. It is unlikely that the target will be achieved by the year-end.

4. HIGH RISK BUDGETS

- 4.1 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 2006/07 Council Resolution.

4.2 The position of budgets deemed to be high risk can be summarised as follows:

Budget Area	Annual Budget	Budget to date	Actual to date	Variance	Note
Car parking income	(1,597,500)	(1,244,736)	(1,167,713)	77,023	4.3
Bereavement Services income	(907,900)	(649,227)	(584,262)	64,964	4.4
Civic Centre income	(98,300)	(73,736)	0	73,736	4.5
Concessionary Fares	1,513,900	1,333,266	1,350,933	17,727	4.6
Talkin Tarn	109,300	59,584	46,671	(12,913)	4.7

- 4.3 Income from penalty charge notices and car park ticket sales continues to be under budget. Budgets have been reduced by £80,000 as part of the 2007/08 budget process. However, a further shortfall is predicted and an additional bid has been proposed from 2007/08 onwards to reduce budgets by a further £100,000. The situation is monitored closely to ensure that any shortfall in 2006/07 can be met from within existing budgets.
- 4.4 Likewise, income from Bereavement Services is below budget as at December. The current shortfall is £64,000. As always prediction of income levels is subject to external factors and inherently difficult to forecast; current projections are that the year end shortfall will be £40,000. The position will be closely monitored and reported to the Executive as necessary.
- 4.5 A budget is included within the Civic Centre section for 2006/07 of £98,000 for letting income. This was set in anticipation of attracting third parties to rent space within the Civic Centre for 2006/07. Currently there has been no take up of this facility and the budget will be removed but offset by additional income received during the year (see paragraph 8.1).
- 4.6 A total of £1,288,000 was allocated to recurring spending pressures in the 2006/07 budget. Included in this amount was £266,000 for a shortfall in income projections from fees and charges (see 4.3 to 4.5). The largest item is £858,000 for Concessionary Fares. As part of the 2007/08 budget process this budget has been increased by £100,000 to cover increased ridership (which is now projected at 50% instead of 30%). Other expenditure budgets are broadly in line with profile.
- 4.7 A revised set of car park charges for Talkin Tarn was considered by the Executive at its meeting on 22nd January 2007. However, current budget projections are still based

upon the original business plan and it was agreed that the budget position be monitored carefully and any financial implications reported to a future meeting of the Executive.

- 4.8 Contained within the non-recurring spending pressures in the 2006/07 budget was the Job Evaluation scheme with a budget of £189,000. This was underspent in December by £49,200. The estimated total cost of the Job Evaluation process of £1m has been included as a budget pressure in CORP 51/06. Work will be carried out to firm up the projected recurring and non-recurring costs as early in 2007 as possible.

5. BALANCE SHEET MANAGEMENT

- 5.1 In line with suggested best practice, information relating to significant items on the Council's balance sheet is being provided to Members. CIPFA issued a good practice framework on balance sheet management in November 2006 which will be used as a basis to develop this section. The information below concentrates on those items that may have a material impact on the Council if not reviewed on a regular basis.

5.2 Treasury Management

- Outstanding Investments – as at 31st December 2006 the Council had £30.4m (£20.7m 31 March 2006) on short-term deposit, mainly with Building Societies. The anticipated return on these investments is estimated at £1,556,000 for 2006/07 with current projections (based upon financial information as at December 2006) slightly ahead of the budget.
- Outstanding Loans - the value of the Council's loan portfolio, which is a mixture of both long and short-term loans, is valued at £15.1m as at the end of December 2006 (£15.1m 31 March 2006). The cost of managing this debt, in terms of interest payable, is budgeted at £1,324,000 in 2006/07 with costs currently on target. There are currently no proposals for any further borrowing during 2006/07.

5.3 Debtors

This relates to the amount of income due to the Council for goods and services provided by the Council, which has not yet been received. This total sum due from the Debtors System amounts to £1.7m at the end of December (£2.1m at 31 March 2006) of which £493,000 relates to the Highways Claimed Rights function and discussions are taking place to resolve this outstanding debt. There may be a significant impact on the cash-flow of the Council if these outstanding debts are not received or debt recovery procedures are not initiated promptly. Any debts which are deemed to be unrecoverable are reported separately to Members and are written off against a bad debt provision set up specifically for this purpose. In addition, other

significant debts due to the Council relate to Council Tax and National Non Domestic rates (NNDR). Collection rates for these debts as at the end of December are 85.3% and 87.8% respectively.

5.4 Creditors

This is the amount of money due to be paid by the Council for goods and services received from its external customers and contractors. The amount of outstanding invoices awaiting payment totals £510,000 as at the end of December (£1,272,800 as at 31 March 2006). The PI target (BV8) for the payment of undisputed invoices is 98% for 2006/07 with current progress against this target being 98.8%.

5.5 Use of reserves

The usage and level of all Council reserves are set out in the Medium Term Financial Plan (FS12/06), approved by full Council in July. It is anticipated that £1.9m will be required from the Council's Revenue Reserves to fund revenue expenditure in 2006/07 (including £1.7m of 2005/06 carry forwards). The balance of the Pensions Reserve (£361,000) has been transferred into the Projects Reserve. Any under or overspend at the year end will adjust the balance transferred to or from the reserve.

6 PERFORMANCE

6.1 It has been recognised that there is a 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). Performance Indicators for 2006/07 have been set for the authority, and work continues to develop the links with financial reporting.

6.2 Corporate Performance Monitoring Reports have been presented to the Executive linking budgets and performance indicators.

7 GERSHON EFFICIENCY SAVINGS ACTION PLAN MONITORING

7.1 This section gives an explanation of the "Gershon" requirements and illustrates the specific efficiency items identified to date by Carlisle City Council, giving particular reference to the 2006/07 Efficiency Measures.

7.2 Background

All Local Authorities have been set an annual efficiency target based on 2.5% of their 2004/05 baseline, and a target for cashable efficiency gains each year based on 1.25% of their 2004/05 baseline. Thus, by the end of 2007/08, each Authority should have achieved total efficiency gains equal to or greater than 7.5% of their baseline and cashable gains of at least 3.75%.

- 7.3 It should be noted that Local Authorities are not required to reduce their expenditure by 7.5% (the required total efficiency gains) or 3.75% (the required cashable efficiency gains) over the years to 2007/08. The DCLG advise that there is no one-to-one relationship between efficiency gains and expenditure because cashable efficiencies will sometimes be redirected to frontline services and sometimes used to hold down Council Tax, and in any case non-cashable gains would not always be clearly visible.
- 7.4 The guidance determines that targets set are cumulative ones. Local Authorities therefore need not make exactly 2.5% efficiency gains each year, so long as they have met or exceeded their target position for each year. Thus, it is permissible to make 3% gains in the first year and then only 2% in the second year.
- 7.5 Efficiency Savings
Appendices B1 and B2 have been drawn up following a review of all proposals for 2006/07 and illustrate:
- Changes arising from guidance received from the Government, which has resulted in some new efficiencies being included and others withdrawn because of eligibility.
 - Revisions to existing proposals where more up-to-date information has been provided.
 - Cashable – Recurring Efficiencies
 - Non-Cashable
 - New proposals.
- 7.6 Evidence requirements
For the first time the Audit Commission will be checking the Council's Backward Looking Annual Efficiency Statement (AES) and therefore every efficiency proposal will need to be backed up by evidence that the cash value of the efficiency has been delivered and that performance has been maintained or improved. This evidence is crucial to the Gershon process and it must be noted that should any of the efficiency proposals fail to meet the necessary criteria, then it will be necessary to exclude them from the efficiency statement.
- 7.7 2006-07 Update
The attached appendices are presented in a revised format. Appendix B1 identifies actual progress against the 2006/07 budget resolution and Appendix B2 groups each

efficiency measure in the AES category and illustrates a number of revisions. A brief explanation of these is as follows: -

AES Group 1

Capital receipts – improvements to investment returns arising from treasury management activities can not be counted as efficiency gain. However, additional interest earned from capital receipts generated from the disposal of surplus non-operational assets can be classed as an efficiency gain. The relevant totals on the schedule have been changed to reflect an increase to the 2006/07 position by £80,000 due in the main to sale of land.

Rationalisation of Depots

Efficiency target reduced by £15,000. Activity now delayed to 2007/08.

Staff turnover

Original statement incorporated the sum of £110,000. This has been reviewed following monitoring of expenditure for the period April to December 2006.

Energy Efficiency

This has been reviewed in light of the increase in the overall cost of supply. Original £20,000 cashable and £5,000 non-cashable savings in 2006/07 have been reduced to £15,000 and subsequently deferred to 2007/08. A project team has been set up to identify alternative procurement and efficiency measures.

AES Group 3

Central Mail and Document Image Processing – Project has not yet commenced therefore efficiency deferred to 2007/08.

AES Group 4

Reduced Overtime Working

Unlikely to be achieved during 2006/07. Instructed to defer to 2007/08.

Rationalisation of Grounds Contract

Original efficiency for 2006/07 to be split over two years. i.e. £10,000 in 2006/07 and 2007/08.

7.8 Summary

Corporate Directors should note that the majority of efficiency savings are identified and incorporated into the base estimates as part of the annual budget process.

Therefore any savings not achieved or deferred to a future year will have an impact

on the budgetary position of the authority. The situation needs to be closely monitored and addressed through the budget monitoring/performance management process adopted by the Council and reported to the Executive.

8 PLANNED ACTIONS

- 8.1 As a result of the analysis contained within this report, it is proposed to fund the additional expenditure incurred by the additional income received to date as follows:

<u>Additional Expenditure</u>	<u>£</u>
• Unachievable income on Civic Centre	98,000
• Legal costs of Public Inquiry	32,000
• Revenue costs of GIS equipment	35,000
• Savings required as part of the 2007/08 budget process	<u>153,000</u>
	<u>318,000</u>
<u>Proposed Funding</u>	
• Additional income received from Industrial Estates	213,000
• Additional investment income	44,000
• Additional Development Control income	33,000
• Additional Corporate Properties income	<u>28,000</u>
	<u>318,000</u>

- 8.2 **The Executive is asked to consider the virements detailed above for recommendation to Council.**

9. CONSULTATION

- 9.1 Consultation to Date.

SMT have considered the issues raised in this report.

- 9.2 Consultation proposed.

Corporate Resources Overview & Scrutiny Committee will consider the report on 22nd February 2007.

10 RECOMMENDATIONS

The Executive is asked to:

- (i) Note the contents of the report.
- (ii) Consider the virements identified in paragraph 8.2 for recommendation to Council
- (iii) Note the actual efficiency savings being achieved against the targets set

11 REASONS FOR RECOMMENDATIONS

As stated above.

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 – Not applicable
- Equality Issues – Not applicable
- Environmental – Not applicable
- Crime and Disorder – Not applicable

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Director of Corporate Services

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2006/07 BUDGET MONITORING**APPENDIX A1****DECEMBER 2006****CARLISLE RENAISSANCE**

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	330,200	(5,000)	151,700	476,900
Budget to date	215,956	(5,000)	113,801	324,757
Actual	200,554	(5,000)	113,775	309,329
	(15,402)	0	(26)	(15,428)

Analysis of Main Variances

Service	Note	Variance £
Miscellaneous variances		<u>(15,428)</u>
Total Variance to date		<u>(15,428)</u>

Notes

No significant issues to report

Director's Comments

Carlisle Renaissance is initially a three year project. Any unused budget will be carried forward into the next financial year.

2006/07 BUDGET MONITORING**APPENDIX A2****DECEMBER 2006****COMMUNITY SERVICES**

	Gross Expenditure	Gross Income	Recharges	Total
	£	£	£	£
Annual Budget	27,899,900	(7,543,300)	(9,107,300)	11,249,300
Budget to date	20,344,329	(5,695,558)	(6,744,908)	7,903,863
Actual	21,823,760	(5,892,201)	(7,880,301)	8,051,258
	1,479,431	(196,643)	(1,135,393)	147,395

Analysis of Main Variances

Service	Note	Variance £
Support Services	1	(32,536)
Civic Centre Accommodation	2	57,911
Civic Centre NNDR charge	3	30,234
Building Cleaning	4	(67,156)
Building Maintenance	5	211,170
Bereavement Services	6	64,794
Environmental Quality	7	(40,693)
Food	8	(30,939)
Green spaces	9	(42,109)
Highways	10	(61,140)
Parking Management	11	146,507
Tullie House	12	43,004
Sands Centre	13	(30,437)
Outdoor Recreation	13	(35,529)
Sports Development	14	(45,764)
Community Support	15	(36,467)
Miscellaneous variances		(15,991)
Total Variance to date		147,395

Notes

1. Vacancies within section. Funding required for other schemes.
2. Repairs & maintenance budgets overspent which may need to be charged to a capital scheme. The work in the Civic Centre due to the reorganisation was completed in December and analysis of the total expenditure is now underway.
3. Increased NNDR charge on Civic Centre for 2006/07 due to an increase in rateable value (£19,000) and arrears of £11,000.
4. Over-recovery of costs to internal customers. Recovery rates currently being reviewed.
5. An action plan has been developed and monitored to address this issue. Under recovery of costs to internal customers, recharges not yet made to capital schemes and to flood recovery work and the changing organisational structure are the reasons for the overspend. Work is continuing to calculate the financial implications of this and until the work has been completed the final position will not be known.
6. Shortfall in income due to reduction in death rates (reflected nationally). The year end forecast is £40,000
7. Underspends in water and sample analysis, air quality and Dog Policy scheme.
8. Staffing vacancies within the section and general underspends on supplies and services. To be used for additional work required to improve performance indicators.
9. Underspends on specialist and play equipment.
10. Over-recovery of work on internal work.
11. Shortfall in parking income. Budgets were reduced initially by £80,000; however a further shortfall is predicted and an additional bid has been proposed from 2007/08 onwards to reduce budgets by a further £100,000. The situation is being monitored closely to ensure that any any shortfall can be met from within existing budgets.
12. Shortfall on Brampton Live of £18,250, overspent professional Arts grants of £12,749 and advertising costs £10,832 in excess of budget
13. Underspends on repair and maintenance costs and payments to CLL lower than budgeted sum.
14. Various underspends due to vacancies and additional income for Fit for Life which may be carried forward to 2007/08
15. General underspends on Community events which, it is anticipated, will be utilised before the year end.

Director's Comments

The monitoring figures identify budgeted income not being achieved in car parks and Bereavement Services which has been accommodated in the 2007/8 budget. There is the need to resolve capital budgets, building maintenance costs and the insurance settlement, particularly for the Civic Centre and this is currently being reviewed. Some variances are as a result of the need for budgets to be re-aligned following the restructuring and others have been addressed through January. There are some variations caused by profiling of payments, late invoices and the valuation of work in progress.

DECEMBER 2006CORPORATE SERVICES

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	37,087,200	(29,394,100)	(3,958,800)	3,734,300
Budget to date	30,097,873	(23,939,611)	(3,166,774)	2,991,488
Actual	29,974,994	(24,131,382)	(3,159,607)	2,684,005
	(122,879)	(191,771)	7,167	(307,483)

Analysis of Main Variances

Service	Note	Variance £
Investment income	1	(44,111)
Salary Turnover Savings	2	122,623
LABGI unallocated balance	3	(107,200)
Budget savings to find	4	110,466
Council Tax	5	(32,340)
Recovery	6	(35,470)
Welfare Take Up Campaign	7	(47,099)
Flood recovery	8	(214,710)
Miscellaneous variances		(59,642)
Total Variance to date		(307,483)

Notes

1. Increased investment interest received.
2. Actual contributions continue to fall below target. Further savings were approved by SMT in January which will help to alleviate the deficit. However it is unlikely that the target will be met in 2006/07
3. Balance of Local Authority Business Growth Incentive grant to be allocated to schemes.
4. Budget savings to find totalling £153,000 as agreed part of the 2007/08 budget process from savings identified in this report.
5. Mainly due to underspends on general supplies and services.
6. Higher than anticipated income on court costs. Actual receipts currently higher than annual budget.
7. Balance of DWP grant to be spent in the remainder of the year.
8. This is the best case scenario following as assessment of outstanding work, however any surplus on the flood work will be transferred into an earmarked reserve.

Director's Comments

The main underspend relates to the flood recovery work following an assessment of outstanding work and embraces an element of indemnity of settlement monies received which as yet have not been committed or allocated.

DECEMBER 2006**DEVELOPMENT SERVICES**

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	8,269,200	(6,873,100)	(1,047,900)	348,200
Budget to date	5,655,868	(5,177,105)	(786,034)	(307,271)
Actual	5,830,388	(5,650,047)	(785,925)	(605,584)
	174,520	(472,942)	109	(298,313)

Analysis of Main Variances

Service	Note	Variance £
Management & Administration	1	(24,287)
Business & Employment	2	(29,386)
Tourism & City Centre Development	3	90,517
LABGI	4	(60,000)
Property Services	5	(34,685)
Industrial Estates - additional income	6	(330,505)
Corporate Properties	7	(27,799)
Planning Delivery Grant	8	67,735
Development Control	9	(32,051)
Civic Centre income	10	73,736
Miscellaneous variances		8,412
Total Variance to date		(298,313)

Notes

1. £15,000 Grant received from NWDA for Carlisle Renaissance.
2. Underspends on grants payable to a variety of organisation including CHA Regeneration and Grants to Parish Councils.
3. Pirelli rally £15,000 overspent. Town Centre exhibition and publicity costs subject to retrospective claim for £75,000 from external funders.
4. Annual budget of £240,000 unspent requiring a significant carry forward to 2007/08. Delay due to protracted negotiations with NWDA.
5. Underspends on Asset Review work which will take place later in year (£23,890), and salaries (£9,335).
6. Additional income of £213,100 relating to backdated rent reviews on Industrial Estates.
7. Additional income from arrears offset by costs.
8. Expenditure incurred for legal fees relating to Tesco Inquiry and increased software costs for GIS. No funding has been identified to cover these costs.
9. Additional income from fees & charges £48,721. Some of this will be absorbed by additional service costs.
10. Shortfall in income from letting space within Civic. Annual budget is £98,000 which will not be achieved.

Director's Comments

The notes reflect the reasons behind the variances. Some are due to the actions of external partner agencies which we are trying to address, and others require appropriate funds to be vired from other budgets. We are reviewing the profiling of the spend to reduce occurrence of variances as far as possible.

DECEMBER 2006LEGAL & DEMOCRATIC SERVICES

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	3,679,100	(540,400)	(910,600)	2,228,100
Budget to date	2,808,132	(443,649)	(683,054)	1,681,429
Actual	2,783,013	(485,475)	(682,950)	1,614,588
	(25,119)	(41,826)	104	(66,841)

Analysis of Main Variances

Service	Note	Variance £
Town Twinning	1	(49,168)
Elections	2	14,571
Licensing	3	(17,838)
Land Charges	4	10,603
Miscellaneous variances		(25,009)
Total Variance to date		(66,841)

Notes

1. This is a rolling three year programme and any unused budget will be carried forward to 2007/08 to enable the Council to host the next youth exchange in the summer of 2007.
2. New responsibilities from April 2006 requiring postal votes and longer opening hours for polling stations have increased costs. A bid has been approved to increase the annual budget from 2007/08 (£29,000) to meet the additional costs; however any overspends in 2006/07 must be met from within existing budgets.
3. Additional income of £10,030 (any surplus will be transferred to reserves to support service in future years).
4. Search fees are currently overspent and there is a shortfall in income received to date. It is difficult to profile the income budgets to reflect activity due the fluctuation in the number of searches in any given month; however work will continue to refine budget profiling during the year.

Director's Comments

Due to recent legislation, the directorate may incur additional work during the year in relation to the Council's Standards Committee and the investigation of complaints at a local level.

DECEMBER 2006PEOPLE, POLICY & PERFORMANCE SERVICES

	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	3,116,900	(131,200)	(2,274,400)	711,300
Budget to date	2,276,230	(105,192)	(1,658,244)	512,794
Actual	2,085,808	(137,294)	(1,560,150)	388,364
	(190,422)	(32,102)	98,094	(124,430)

Analysis of Main Variances

Service	Note	Variance £
Policy & Performance	1	(33,871)
Pay & Workforce Strategy	2	(49,193)
Payroll team	3	14,803
Emergency Planning	4	(10,979)
Miscellaneous variances		(45,190)
Total Variance to date		(124,430)

Notes

1. The balance of the risk management budget of £26,700 has been transferred to this section.
2. Underspends mainly in respect of PWS salary costs.
3. Funding to be identified for rental costs for Trent HR/Payroll system (£20,000 to date - full year £25,000). Investigations pending as to whether this should be charged to the Capital scheme
4. General underspends on supplies and services.

Director's Comments

New pressures for this year are likely to include the Learning City Manager and support for the implementation of the new Payroll & HR system. Full implementation of the occupational health service has slipped to enable a collaborative procurement with other district councils in Cumbria - this shared service will then deliver better value for Carlisle. Proactive occupational health (as a pilot) has already had a positive impact on sickness absence in the authority.

2006/07 BUDGET MONITORING

APPENDIX B1

GERSHON EFFICIENCY SAVINGS UPDATE

This table incorporates changes submitted as part of the 2005/06 Backward Looking AES and a review of proposals for 2006/07 and 2007/08

AES Group		2004/05 £	2005/06 £	2006/07 £	2007/08 £	Totals £	Comments on 2006/07 Efficiency Measures	Responsible Officer
	Cashable - Recurring							
1	Capital receipts – income from interest	26,758	64,539	140,000	147,000	378,297	Evidenced for 2004/05, 2005/06 and 2006/07	???
1	Civic rating reduced		10,000			10,000	In base	Head of Property
1	Rationalisation of depots				10,000	10,000	Reduction and advised that Delay in delivery. Deferred to 2007/08	Director of Community
1	Grounds Maint Ind Estates	5,000				5,000		
1	Staff Turnover		200,000			200,000	Allowable efficiency (included as a potential only previously).2006-07 Reduced from 110k original based on forecast target of £564,100. Position at 31/01/07 = £369000. Unlikely to achieve target.	Head of Finance
1	Rates appeals			25,000		25,000	RBS to provide information	Head of RBS
1	Energy Efficiency				10,000	10,000	Director of Comm Seervices advised that this be reduced and moved to 07/08.	Director of Community
1	Rates appeals				20,000	20,000		Head of RBS
1	Energy Efficiency				15,000	15,000		Head of Facilities
		31,758	274,539	165,000	202,000	673,297		
2	Resources transferred from other Business Units to fund Customer Contact Centre frontline staff	33,000				33,000		
2	Democratic Representation	12,000				12,000		
2	Flexible Working		40,000			40,000	In base - evidence required	Director of Community
2	Home Working		7,000			7,000	In base	Head of RBS
2	Restructure				80,000	80,000	Reduced to £80k from 2007/08	Deputy C Exec
		45,000	47,000	0	80,000	172,000		
3	Telephones	15,000				15,000		
3	Corporate Supplies & Services Budgets	50,000				50,000		
3	Corporate Supplies & Services Budgets		30,000			30,000	In base	Head of Finance
3	IT Procurement			20,000		20,000	CPU Currently Procuring new Pc's via Framework Agreement.	Head of ICT
3	Computer Printing			13,000		13,000	Letter forwarded to Management 30-01-2007. Identifying proposed method of budget reduction.	Head of ICT
3	Telephony/Mobile Phone contract			20,000		20,000	Letter forwarded to Management 30-01-2007. Identifying proposed method of budget reduction.	Head of ICT
3	New Payroll system			3,000		3,000	In base - reduced as part of ERBS	Head of PP
3	UNIX server rationalisation			5,000		5,000	Awaiting further information to substantiate this saving	Head of ICT
3	Implementation of VOIP			15,000		15,000	Saving achieved through joint procurement exercise with Allerdale.	Head of ICT
3	Central Mail & Doc. Image Processing			0	20,000	20,000	Head of I.T. advised that this has been deferred to 2007/08	Head of ICT
		65,000	30,000	76,000	20,000	191,000		
4	Reduced Overtime Working			0	56,000	56,000	Advised by Director to move to 07/08.	Director of Community
4	Rationalisation Grounds Contract			10,000	10,000	20,000	Director of Comm Services advised that this be split 50/50 over the 2 years.	Head of Environment
		0	0	10,000	66,000	76,000		
5	Improved productivity in Benefits Assessment. Increased caseload dealt with at reduced cost		110,078			110,078	BV78 supports this efficiency (previously inc as £19k) In base.	Head of RBS
5	Highways Claimed Rights	40,000				40,000		
5	Council Tax improved collection rates		5,591			5,591		Head of RBS
		40,000	115,669	0	0	155,669		
6	Carlisle Leisure Contract	33,364	9,719			43,083	Represents the ongoing cost improvement of the contract with CLL for indoor leisure facilities compared with the cost of in-house provision.	Head of Finance
		33,364	9,719	0	0	43,083		
	Cashable totals	215,122	476,927	251,000	368,000	1,311,049		

AES Group		2004/05 £	2005/06 £	2006/07 £	2007/08 £	Totals £	Comments on 2006/07 Efficiency Measures	Responsible Officer
	Non Cashable							
1	Energy Efficiency (CTS)				5,000	5,000	See Cashable item above	Head of Facilities
2	Increased benefits assessment through homeworking initiative – 15% more claims processed (£10,000 in years 2006/07 onwards) (RBS)			10,000		10,000	BV78 should support this efficiency.	
3	Joint IT arrangements (CIS)			25,000		25,000	Awaiting feedback on increased activity.	Head of ICT
4	Corporate sickness absence efficiency. Reduction in days taken off sick from 12.87 days in 2004/05 to 10.91 days in 2005/06		149,800			149,800	Supported by BV12 self assessment return.	
5	Improved productivity in Benefits Assessment. Increased caseload dealt with at reduced cost		15,345			15,345	BV78 supports this efficiency	
5	Additional benefits fraud detection – employment of an additional Fraud Officer which would be self financing through improved detection rates and subsequent income from DWP		47,550			47,550	BV76 supports this efficiency	
	Non Cashable Totals	0	212,695	35,000	5,000	252,695		
	Cashable & Non Cashable	215,122	689,622	286,000	373,000	1,563,744	Government Requirement to date £1.4m	
	AES GROUP							

- 1 Miscellaneous
- 2 Corporate services
- 3 Procurement
- 4 Productive
- 5 Transport
- 6 Culture & Sport

2006/07 BUDGET MONITORING**APPENDIX B2****PROPOSED BUDGET REDUCTIONS 2006/07**

<u>Gershon Efficiency Savings</u>	In Budget 2006/07 £000	In AES 2006/07 £000	Comment
Computer Printing	13	13	
Telephony/Mobile Phone contract	20	20	
Flexible Working	40	0	in 05/06 AES
Reduced Sick Leave	20	0	in 05/06 AES
			deferred to 07/08 and reduced to £10k. £35k
			recurring saving in 2007-08 base budget and
Rationalisation of depots	25	0	£25k remains in 2006-07 Base budget
Home Working	7	0	in 05/06 AES
Reduced Benefits Admin Costs	19	0	in 05/06 AES
Rates Appeals	25	25	
			deferred to 07/08 and reduced to £10k. £30k
			now in 2007-08 base budget and £20k remains
			in 2006-07 base budget.
Energy Efficiency	20	0	
New Payroll System	3	3	
Unix Server Rationlisation	5	5	
Implementation of VOIP	15	15	
			deferred to 07/08. £20k still in base budget on
Central Mail & Document Imaging	20	0	a recurring basis from 2006-07 onwards.
			Reduced in 06/07 and balance deferred to
Rationalisation of Grounds Contract	20	10	2007/08. £20k remains in base budget for 2006-
Budget Total	252	91	
<u>Additional "Cashable" Gershon Savings</u>			
Capital Receipts	0	140	
IT Procurement	0	20	
Joint IT Arrangements	0	25	
Cashable Additions	0	185	
Overall totals	252	276	