

REPORT TO	DATE OF MEETING
GOVERNANCE COMMITTEE	17 February 2010



SUBJECT	PORTFOLIO	AUTHOR	ITEM
BUDGET MONITORING REPORT PROJECTED OUTTURN 2009/10	Finance & Resources	Mike Nuttall	5

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report provides an update on the Council's overall financial position and financial strategy for 2009/10, as presented to the Scrutiny Committee on 9th February 2010.

RECOMMENDATIONS

That the Governance Committee note, review and comment on the contents and format of this report and appendices.

DETAILS AND REASONING

The Scrutiny Committee considered the Corporate Performance & Budget Monitoring Report for the first nine months of the financial year at its meeting on 9th February 2010. The report set out performance against the Corporate Plan, Local Area Agreement and the Council's National Indicators for the period April – December 2009. It also included a budget monitoring and efficiency update based on a full year projected outturn for 2009/10, including analysis of any identified variances against the 2009/10 original budget. This financial section is appended to this report (Appendices 1-3) to allow the Committee to consider it in more detail.

The Committee should note that the projected financial outturn has been derived from the revised budget process, as reported to last week's Cabinet meeting. This involved a thorough review of all base budget assumptions and has resulted in some changes to the both the revenue and capital budget, as shown in the key revenue budget variances statement (Appendix 1) and capital summary (Appendix 3). Also, in some cases, there has been a revision to the forecast efficiency forecast outrun position, shown at Appendix 2, to take into account the latest information available.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas shown below. The table shows the implications in respect of each of these.

FINANCIAL	As set out in the appendices to this report.
LEGAL	None.
RISK	Risks are as identified within the report.
OTHER (see below)	

<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Efficiency Savings</i>	<i>Equality, Diversity and Community Cohesion</i>
<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>
<i>Respect Agenda</i>	<i>Staffing</i>	<i>Sustainability</i>	<i>Training and Development</i>

BACKGROUND DOCUMENTS

- Governance Committee, 26 November 2009
 - Budget Monitoring Report, Mid Year : April – September 2009
- Scrutiny Committee 9 February 2010
 - Performance & Budget Monitoring Report: 3rd Quarter April – December 2009/10
- Cabinet 10 February 2010
 - Financial Strategy, Budget and Council Tax 2010/11

APPENDICES

- APPENDIX 1 - Scrutiny Committee 9 February 2010 - Performance & Budget Monitoring Report April – December 2009/10; Section 6: Finance
- APPENDIX 2 - Breakdown of forecast savings 2009/10
- APPENDIX 3 - Capital Expenditure Summary

Appendix 1 – Extract from Performance & Budget Monitoring Report: April – December 2009/10

6. Finance

6.1 Revenue performance against budget

For the period April to March, forecast full year net expenditure amounts to £15.368m against an original budget for the period of £15.183m resulting in a negative budget variation of £0.185m. The major variations contributing to this position are listed below:

SUMMARY OF KEY VARIANCES

	Revised Estimate 2009/10 £000's
Variation to 2009/10 Original Estimate	185
Employee savings	(249)
Restructuring/severance costs – one-off	148
Efficiencies not achieved – Appendix D	250
Concessionary travel	(370)
Penwortham Leisure Centre - professional fees	50
Standards Committee	15
Leisure Trust – energy costs	130
Public Buildings – energy costs	31
Car Parking	14
Waste Review	25
Reduction/(increase) in investment income	22
Other budget increases (reductions)	119
Total	185

There are a number of factors that have impacted on the budget performance and resulted in the current budget variation position:

In overall terms this is largely accounted for by the one-off costs associated with restructuring services (£0.148 million) to deliver future savings. As explained above, these costs were not explicitly included within the original budget totals, instead an acknowledgement was made in determining the appropriate level for the General Fund reserve.

The other key variances shown above are higher than expected energy costs (£0.161 million) and favourable variances in respect of concessionary travel (£0.37 million), reflecting the outcome of the investigations into the error of misallocated costs between councils by one of the bus operators, together with additional savings on the pay budget of £0.249 million.

Within the overall budget forecasts, a risk to the Council's financial strategy in the current economic climate, monitored closely throughout the year, has been the achievement of significant income targets. For each of these key areas, the following table (Section 6.3 refers) provides a comparison of the budget compared to the latest forecast of the year end position.

6.2 Efficiency Savings/additional income against targets

The original Budget for 2009/10 includes an efficiency target totalling £2.280m of which £1.725m is allocated to specific services, £0.305m relating to savings for re-phasing of the Capital programme and the remaining £0.250m originally set as general efficiency for further development during the year.

As at the revised outturn to 31 March 2010, the total efficiencies identified amount to £2.030m in a full year, equating to 89% of the total annual target. Of this total £1.275m will have a year on year recurring benefit, with £0.755m relating to efficiencies benefiting the current year only. A number of services are still under review as part of the C-SMART programme.

The attached Appendix 3 provides a detailed breakdown of the above.

6.3 Budgetary Pressures

- The current economic climate continues to adversely affect the performance of some budget heads, for example, low investment interest rates and deficit on Building Control income which has meant that the position reported in September has continued as the year has progressed.
- As can be seen in the summary of income generation budgets below, three of the areas are holding up well, with income from our property portfolio actually exceeding target. Building control is showing a significant shortfall of £88,000 against target. As with most local authorities, achieving the statutory target of a break even position on the Building Control account at the end of this year is highly unlikely, rather a deficit of £88,600 is being forecast. The efforts being made to mitigate the impact of the reduction in building control work, due to the slump in the property market, and reduce costs by deploying staff on other duties, in an attempt to retain skilled staff for when there is an upturn in the market, have been reported previously to the Governance Committee.

The three budgets which are forecast to fall short of the 2009/10 original budget are Building Control, Land Charges and Car Parking Income.

Income Budget	Annual Budget	Projected Outturn	Performance in 2009/10
Investment Property Income	£940,000	£952,000	Above target
Bulk Containers	£350,000	£350,000	On target
Planning Fee Income	£300,000	£300,000	On target
Building Control Income	£288,000	£200,000	Below target
Land Charges	£120,000	£110,000	Below target
Car Parking Income (including efficiency target)	£120,000	£100,400	Below target

6.4 Capital

The original Capital Budget for 2009/10, including slippage from 2008/09, currently amounts to £4.841million. Of this, £3.322 million is forecast to be spent by 31 March 2010 which equates to 69% of the original budget. A summary of the schemes and commentary is set out in Appendix 3.

The main reasons for the current level of expenditure compared to full year budget is the revised phasing of schemes.

6.5 Financial Risk Management

Appendix G of the budget report to Cabinet on 11th February 2009 set out the key risks to the Medium Term Financial Strategy. It is evident that many of the risks previously identified are affecting the financial position of the Council in the early stages of the year, for example, preventing accurate forecasting and part year implementation of efficiency savings. The Council continues, however to take action to mitigate the risks identified which include:

- The maintenance of adequate levels of General Reserve.
- Close monitoring of financial performance against budgets.
- Robust processes with regard to reviewing and monitoring achievement against the efficiency savings programme C-SMART.
- Continued review of relevant strategies and policies, for example, Treasury Management.
- Cautious approach to assessing future funding levels.

Appendix 2

BREAKDOWN OF SAVINGS/ADDITIONAL INCOME TARGET 2009/10 COMPARED WITH FORECAST YEAR END OUTTURN

	Total Savings TARGET 2009/10 £000	Forecast Full Year (recurring)Saving 2009/10 £000	Temporary savings in 2009/10 £000	Total Forecast Savings 2009/10 £000	Savings Target Remaining 2009/10 £000
Legal & Democratic Services/Scrutiny	97	73		73	24
Area Working/Enforcement	112	88		88	24
Revenues, Benefits & BEU	100	9	89	98	2
ICT/Office Services	113	66	61	127	(14)
Planning/Building Control, including Customer Service	120	218		218	(98)
Housing, including Customer Service	40	30	41	71	(31)
Commercial Services/ Caretaking/Cleaning	193	58	22	80	113
Finance & Assurance Shared Services Partnership	70	65		65	5
Parks Development/Grounds Maintenance/Nursery	55	60		60	(5)
Community Safety Partnership	23	19		19	4
Policy & Community Engagement	70	79		79	(9)
General admin/secretarial support	66	20		20	46
Emergency Planning	37	18		18	19
Clerical Trainees	45	47		47	(2)
Anchor Staying Put	5	5		5	0
Women's Refuge	9	9		9	0
Area Committee Grant Funding	46	46		46	0
General Grants	12	12		12	0
SLEAP	13	13		13	0
Victim Support	5	5		5	0
Arts Council	7	7		7	0
SR4/Community Website	5	5		5	0

	Total Savings TARGET 2009/10 £000	Forecast Full Year (recurring)Saving 2009/10 £000	Temporary savings in 2009/10 £000	Total Forecast Savings 2009/10 £000	Savings Target Remaining 2009/10 £000
CIPFA Better Governance Forum - Subs	3	3		3	0
North of England Excellence - Subs	1	1		1	0
Local Futures - Subs	4	4		4	0
LGIU Subs - Subs	2	2		2	0
Publicity	12	2	1	3	9
Member and employee training budgets	25	25		25	0
Contaminated Land - contingency sum	28	28		28	0
Mystery Shopping	5	5		5	0
Worden Craft units - additional rental income	8	3		3	5
Property Portfolio - additional rental income	10	0		0	10
Car Parking charges - General	40	20		20	20
Licensing - fees and charges	17	10		10	7
Pest Control income	10	10		10	0
Court Costs recovered	8	40		40	(32)
Planning Delivery Grant	74		248	248	(174)
External contributions - regeneration	31	15	16	31	0
South Ribble Partnership funding	204			0	204
General Efficiencies	250	75	132	207	43
Capital Programme	305	80	145	225	80
GRAND TOTAL	2,280	1,275	755	2,030	250

Appendix 3 – Capital Summary

		Original	Revised Outturn	Capital Variance	Note
Portfolio	Description	2009/10 £	2009/10 £	2009/10 £	
Corporate & Support	Benefit Fraud Case Management System	10,116		10,116	Scheme complete
	Front Office CRM System	30,000	30,000	0	
	Electronic Document & Records Management System	16,713	16,713	0	
	Icon Replacement Programme	39,999	40,000	-1	
	Ivy Learning Package		10,000	-10,000	Part of IT work programme budget
	E-Genda Committee Management System	2,464	2,464	0	
	Electronic Landlord Schedule & Pro-Print	24,000	24,000	0	
	Government Connect	15,000	15,000	0	
	HR System Replacement	50,000	50,000	0	
	IT Work Programme	77,781	55,000	22,781	Vired to other budgets for Ivy learning & legal system
	Members Support	10,754	9,000	1,754	
	Microsoft Licences	45,390	22,695	22,695	Reprofiled into 2010/11
	Swift Legal System		20,000	-20,000	Part of IT work programme budget

		Original	Revised	Capital	Note
Portfolio	Description	2009/10 £	Outturn 2009/10 £	Variance 2009/10 £	
	Telephony Service	23,869	20,000	3,869	
	Webstructure / Internet	100,000	100,000	0	
	New Financial System	300,000		300,000	Reprofiled into 2010/11
	Corporate And Support Total	746,086	414,872	331,214	
Finance & Resources	Asset Management Plan-Investment Props	2,550		2,550	
	Penwortham LC - Improvement Works		180,000	-180,000	Improvement Works As Part Of Dual Use Renewal
	Asbestos Removal Civic Centre	6,160	6,160	0	
	Bamber Bridge Boiler	3,382	3,382	0	
	BBLC External Painting	5,372	5,372	0	
	Boxer Place New Roof	49,950	49,950	0	
	CCTV Civic Centre	2,673	0	2,673	
	Community Woodland Project Ph2	3,096	0	3,096	
	Energy Improvement Programme	14,488	14,488	0	
	Heating Controls Civic Suite	10,000	10,000	0	
	Kitchen Equipment	6,215	0	6,215	Delayed pending outcome of C-SMART review
	Kitchen Tiling	985	0	985	

		Original	Revised	Capital	Note
Portfolio	Description	2009/10 £	Outturn 2009/10 £	Variance 2009/10 £	
	LLC Painting Sports Hall Cladding	40,000	20,000	20,000	Tender under budget - competitive market
	Museum Roof Repairs	4,243	4,243	0	
	Removal Of Hot Water Storage Vessels,Civic Centre	4,140	4,140	0	
	Renewal Of Gas Heaters,Moss Side Depot	25,000	15,000	10,000	Tender under budget - competitive market
	Repairs To Parapet Wall ,Civic Centre	34,745	34,745	0	
	Replace Cast Iron Water Goods,Worden	23,000	23,000	0	
	SRTC Replacement Playing Surface	20,505	25,585	-5,080	Costs over original budget - scheme delayed in previous years due to bad weather
	St Cuthberts Pavilion	150	0	150	
	Sustainability Measures Worden Arts	25,000	25,000	0	
	Worden Arts Heating Renewal	1,096	1,096	0	
	Finance & Resources Total	282,750	422,161	-139,411	
Leisure and Cultural Services	Dob Lane Playing Field Phase 1	54,522		54,522	Reprofiled into 2010/11
	Farington Park Play Area	205,466	100,000	105,466	Reprofiled into 2010/11
	Footpath & Footbridge Holme Rd Playfield	6,389	6,389	0	
	Footpath/Cycleway Hill Road Penwortham	14,000	14,000	0	

		Original	Revised	Capital	Note
Portfolio	Description	2009/10 £	Outturn 2009/10 £	Variance 2009/10 £	
	Higher Walton Playing Fields	4,903	4,903	0	
	King George V Higher Walton Play Area	218	3,400	-3,182	Funded from revenue contributions
	Kingsfold Drive Penwortham Play Area	15,860	23,700	-7,840	Funded from revenue contributions
	Moss Side Village Centre	6,530		6,530	Scheme complete
	Much Hoole Playing Field Phase 2	0	4,300	-4,300	Funded from revenue contributions
	Tardy Gate Playing Field Lighting Scheme	33,000	33,000	0	
	Withy Grove Park Phase 1	14,000	14,000	0	
	Withy Grove Park Phase 2	43,994	43,994	0	
	River Lostock Bridleway	1,642	0	1,642	
	Birch Avenue Play Area	6,545	6,545	0	
	Leisure & Cultural Services Total	407,069	254,231	152,838	
Regeneration and Planning	Bannister Brook Regeneration	12,429		12,429	
	Disabled Facilities Grants	369,736	366,000	3,736	
	Housing Initiatives (Strategy)	470,000	470,000	0	
	Home Purchase Assistance	977,000	977,000	0	
	Environmental Improvements Churchill Way	305,000	20,000	285,000	Scheme revised and reprofiled into 2010/11

		Original	Revised	Capital	Note
Portfolio	Description	2009/10 £	Outturn 2009/10 £	Variance 2009/10 £	
	Environ Regeneration - Cross Borough Schemes	650,000		650,000	Regeneration programme revised and reprofiled
	Farington Lodges		25,000	-25,000	Vired from above budget
	Giant Veggie Patch		33,000	-33,000	Vired from above budget
	Leyland Regen - Design & Development	85,000	5,000	80,000	Budget reprofiled into future years
	Leyland Regen - Hough Lane	10,000	10,000	0	
	Leyland Regen - Hough Lane Environmental	10,000		10,000	
	Leyland Station	773	0	773	
	Leyland Town Centre	151,115	40,000	111,115	
	Lostock Engine Sheds - Feasibility Study		25,000	-25,000	Vired from Environmental Regeneration above budget
	Signage Strategy	47,022	15,000	32,022	Reprofiled into 2010/11
	Lostock Area Improvements	19,089	25,000	-5,911	Regeneration programme revised and reprofiled
	Website/Internet Project - Hough Lane	60,000	0	60,000	Removed from programme
	Conservation Area Enhancements	20,000	0	20,000	Removed from programme
	Regeneration & Planning Total	3,187,164	2,011,000	1,176,164	

		Original	Revised	Capital	Note
Portfolio	Description	2009/10 £	Outturn 2009/10 £	Variance 2009/10 £	
Streetscene	Provision Of Waste Facilities Moss Side	209	2,400	-2,191	
	Diesel Tank Replacement, Moss Side Depot		20,000	-20,000	Change in operational requirements – vired from weighbridge budget
	Weigh Bridge Moss Side	20,000	0	20,000	See above
	Vehicle & Plant Replacement Programme	197,400	197,400	0	
	Streetscene Total	217,609	219,800	-2,191	
	GRAND TOTAL	4,840,678	3,322,064	1,518,614	