

Budget Monitoring Report as at June 2011 (Quarter 1 2011-12)

1. REVENUE BUDGET PERFORMANCE

The approved budget for 2011/12 is £13.647m plus £0.430m transfer from general reserves resulting in a net budget requirement of £13.217m. The report compares the profiled 2011/12 budget with the net expenditure as at 30 June 2011. This comparison to the profiled budget shows a net underspend of £0.073m.

The reasons for this variation are summarised below:

Note Reference	Details	Variance to June (Under)/over spend £000's
2.1	Expenditure	
	Employee Costs saving (after efficiencies)	(83)
	Premises – Repair & Maintenance	(20)
	Supplies and Services - Printing & Stationery	(23)
	Transport	(29)
2.2	Income	
	Planning application fees increase	(25)
	Land Charges Income increase	(13)
	Investment Interest (short-term)	(9)
	Housing / Council Tax Benefit (net) Over-recovery	0
	Other	
	Forecast Progress against Efficiency Targets <i>(see Appendix 1)</i>	184
	Contribution from Earmarked Reserve to fund one-off employee costs	(30)
	Other net movements	(25)
Variation to Budget as at 30 June 2011 - (underspend)		(73)

2. REVENUE BUDGET VARIATIONS

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

2.1 Expenditure

Employee Costs

- There is currently a total net underspend in overall employee related costs to date of £83,000. This is the net position being an underspend of £113,000 across all employee related costs offset by one-off redundancy/severance costs amounting to £30,000. This figure includes variations to budget for casual staff, overtime and agency staff being used as an interim measure to cover some of the current vacancies. Vacancy savings have been achieved in areas where staffing reviews are in progress and the estimated full year effect of these savings are shown in the table on Appendix 2 against the relevant service area.
- Staff restructures have resulted in one-off redundancy / severance payments which amount to £30,000 to the end of June. Earmarked reserves have been set aside to meet these one-off costs.

Premises

At the end of the first quarter there is an underspend in comparison to the profiled budget in the sum of £20,000. This budget includes both planned and reactive maintenance. By its nature this budget is difficult to accurately profile and estimate demand throughout the year. It is therefore closely monitored. Any underspend that is considered to be a recurring saving will be highlighted during the year as part of the budget setting process.

Transport Related

As a result of continuous cost efficiency monitoring vehicle repair and maintenance costs are underspending by £29,000. At this stage of the year it is estimated that there may be the potential to achieve further savings in the region of £50,000. As with premises costs this budget variation will be scrutinised as part of the budget setting process to identify sustainable, recurring savings for 2012/13 and beyond.

Supplies and Services

Printing and stationery costs are currently underspending against the profiled budget. It is too early in the year to forecast the outturn position but these budget heads will be included in the planned base budget review to be undertaken by Shared Financial Services as part of the Business Improvement Plan for 2011/12.

2.2 Income

The table below provides a summary of the Council's main income streams:-

Income Budgets	Original Budget 2011/12	Budget to June 2011/12	Actual to June 2011/12	Current Budget Variance 2011/12
	£	£	£	£
Investment Property Income	(950,600)	(567,300)	(577,955)	(10,655)
Bulk Containers	(378,500)	(378,500)	(369,600)	8,900
Planning Fee Income	(300,000)	(75,000)	(100,600)	(25,600)
Building Control Income	(193,000)	(48,300)	(54,600)	(6,300)
Land Charges	(70,000)	(17,500)	(30,250)	(12,750)
Car Parking Income	(95,100)	(23,800)	(19,300)	4,500

Building Control income exceeded the budget in the first quarter of 2011/12. As reported previously, the current economic climate presents a challenging environment for Building Control function. This level of income is an improved position compared to last year when a downturn in income was experienced by the majority of local authorities with the exception of major cities where large building developments took place. As with other budget heads this current budget performance should be considered with some degree of caution when making assumptions to the year end position.

Planning fee income increased significantly during the first quarter of this year against the level that was originally anticipated when the budget was profiled. It should be noted, however, that this direction of travel has not continued into the second quarter and the current over achievement in comparison the budget has reduced to £4,000 at the end of August.

It can also be seen that land charges income also experienced a significant increase in comparison to the level anticipated. This has been brought about by a greater number of property searches requests being received from house buyers.

There is a forecast increase in short-term investment income of £30,000 against the original budget. This variance is attributable to the Council having due to higher cash balances than originally estimated when the budget was set.

The Housing / Council Tax Benefit position continues to experience growth in caseload above those originally anticipated and this has resulted in both greater costs and offsetting subsidy income received.

These income targets are affected by changes in the economic climate and any material variations against budget could significantly impact on our overall revenue budget position.

2.3 Efficiency Savings/additional income against targets

The revenue budget approved for 2011/12 includes an efficiency saving target of £1.819m which has been allocated to specific services and projects. Progress to-date in meeting these targets and the projected outturn position are set out in Appendix 2. As at 30 June 2011 the forecasted out-turn in respect of the efficiency programme is a total of £1.531m. At this stage this represents a shortfall of £0.225m against the original target, however, work to improve this position continues and progress will be reported during the year.

3. OVERALL COMMENTARY

It is pleasing to report that the financial position as at 30 June 2011 shows that the Council is performing well against its profiled budget, however, it is important to note that this is based on a number of assumptions made with regard to expected spending patterns and levels of income received to the end of the first quarter. Therefore, it is too early in the year to accurately predict the projected position to the end of the year. In addition, although the efficiency targets listed in Appendix 2 are overall indicating a good position there are some projects that contain assumptions and estimating in respect of the year end position. With regard to savings achieved to date this should be considered in the context of the continued budget gap contained within the Council's Medium Term Financial Strategy to 2014/15 and the uncertainty of future levels of funding. In summary, performance against budget as at 30 June 2011 is good but should be treated with some caution at this stage of the year. The current position is being closely monitored with particular regard to budgets that are subject to fluctuation and therefore present a higher risk with updates being reported during the course of the year.

4. CAPITAL PROGRAMME

Details of the Council's capital spending, by project is contained in Appendix 3. The projected spend is compared to the full year budget accompanied by an explanatory note, where applicable, to provide an update on any current issues. Approval of the recommendations made as a result of a Scrutiny Committee Review with regard to underspending in the Capital Programme will expand the reporting of Capital Reports with immediate effect. The current projected out-turn position, however, already shows an improved position in comparison to previous years. Similar to revenue budget management, the statement set out in Appendix 3 contains assumptions in respect of spending to the end of the year, therefore, the position will be monitored and reported to Governance Committee during the year.

EFFICIENCY SAVINGS AND ADDITIONAL INCOME TARGETS – FORECAST OUT-TURN

	BUDGET £	Estimated PYE 2011/12 £	Projected FYE 2012/13 £	Notes - Progress/Implementation Stage
<u>Income Generation</u>				
Pre-planning advice	25,000	25,000	25,000	Budget and processes are in place. Financial performance against achieving the budgeted level of income during the year will be monitored via budget management processes.
Memorial Plaques	5,000	2,000	5,000	Project in implementation stage.
Worden Park - kiosk	50,000	25,000	50,000	Kiosk in operation for 1 month.
Memorial woodlands	10,000	4,000	5,000	This project was to be part funded through LCC woodlands programme. LCC are no longer funding this programme. This has resulted in reduced projected income.
Bins at new properties	15,000	15,000	15,000	Budget and processes are in place. Financial performance against achieving the budgeted level of income during the year will be monitored via budget management processes.
Taxi Licensing fee increase	16,000	13,000	16,000	Fees to increase from 1 June 2011 therefore the part year affect is expected to be £13,000 in 2011/12.
<u>Collaborative Working</u>				
Shared Revenues and Benefits	220,000	215,000	224,000	Completed and achieved.
Shared Financial Services	75,000	75,000	75,000	Completed and achieved.
Shared Assurance Services	45,000	39,500	45,000	Completed and achieved.
Commercial Services	60,000	35,000	42,500	Part completed and expected to be achieved.
<u>Management and Administration &</u>				
Deputy Chief Executives' Post	120,000	120,000	120,000	Completed and achieved.

		BUDGET £	Estimated PYE 2011/12 £	Projected FYE 2012/13 £	Notes - Progress/Implementation Stage
<u>Service Restructures</u>	Housing	110,000	117,000	123,000	Review Completed and achieved.
	Community Involvement	350,000	185,000	200,000	Review underway - In the interim period current vacant post will achieve part savings.
	Property Services	41,000	20,500	41,000	Completed and achieved.
	ICT	110,000	102,000	124,000	Review Completed and over achieved.
	Administration	120,000	121,000	137,500	Review Completed and over achieved.
	Development Control	13,000	13,000	13,000	Review Completed and achieved.
<u>Discretionary Spending</u>	Leisure Partnership Review	50,000	50,000	100,000	Project is underway.
	Lancs and Blackpool Tourist Board	5,000	5,000	5,000	Completed and achieved.
<u>Asset Utilisation</u>	Worden Park - visitor attraction	60,000	30,000	60,000	Soft market testing currently being undertaken to look at options to meet efficiencies.
	Civic Centre	70,000	79,500	79,500	Completed and achieved.
	Moss Side depot	10,000	-	10,000	Negotiation underway with Property Services and third party.
	Vehicle Replacement	56,000	56,000	56,000	Review Completed and achieved.
	Transport Review	50,000	50,000	50,000	Review Completed and achieved.
	Deferral desktop replacement	50,000	50,000	50,000	Review Completed and achieved.
<u>Short Term Options</u>	Parks Development	30,000	30,000	30,000	Completed and achieved.
	Reduce Litter/Dog bin replacement	5,000	5,000	5,000	Completed and achieved.

	BUDGET £	Estimated PYE 2011/12 £	Projected FYE 2012/13 £	Notes - Progress/Implementation Stage
Street furniture replacement	5,000	5,000	5,000	Completed and achieved.
Corporate Training Budget	10,000	10,000	10,000	Completed and achieved.
TOTAL	1,819,000	1,530,500	1,754,500	