

Budget Monitoring Report – December 2011 (Quarter 3 2011-12)

1. Revenue Performance Against Budget

The approved budget for 2011/12 is £13.647m less a £0.430m transfer from general reserves, which gives a net budget requirement of £13.217m. This report compares the original 2011/12 budget with the latest projected outturn for 2011/12, which shows a forecast net underspending of £0.138m. The reasons for this variation are shown below:

Note Reference	Details	Projected Outturn (Under)/over spend £000's
2.1	Expenditure	
	Employee Costs net saving (after efficiencies)	75
	Premises	61
	Supplies and services savings	(21)
	Waste Partnership	(51)
	Housing / Council Tax Benefit (net) Over-recovery	(180)
	Corporate Plan additional items	35
	Reduced capital financing costs	(120)
2.2	Income	
	New Homes Bonus	(165)
	Investment properties reduction in rental income	65
	Land Charges income increase	(40)
	Taxi Licensing income reduction	18
	Investment Interest (short-term)	(43)
	Other	
2.4	Forecast Progress against 11/12 Efficiency Targets <i>(see Appendix 1)</i>	358
	Further recurring Efficiencies identified	(377)
	Transfers to/from reserves	215
	Other net movements	32
	Projected outturn variation (underspending)	(138)

2. 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

- The forecast net overspending in overall employee related costs is £75,000. This is made up of a saving in employee costs of £150,000, offset by one-off redundancy/severance costs amounting to £225,000 as a result of staff restructures. These costs are offset by a transfer from reserves.

Premises

There is a forecast overspend in National Non-domestic rates (NNDR) in relation to investment properties of £45,000 to the end of the year. The main reason for this is that properties with a valuation below £17,000 were exempt from payment of NNDR in 2010/11. All the empty units fell below this threshold and therefore the original budget forecasts assumed the Council had no liability. The Government changed the rules from 1st April 2011 reducing the threshold to just £2,900 which meant that all the empty units became liable for NNDR. In addition, rate relief after the first 6 months was abolished this year, whereby it was previously levied at 50%. This has been compounded by an increase in the number of empty units this financial year which is reflected in the shortfall in property rental income against budget.

In addition, the forecast increase in energy costs due to price changes in 2011/12 is £16,000.

Supplies and Services

Supplies and services costs, including printing, stationery and postages costs, are forecast to be underspent against the original budget.

Savings have been realised in 2011-12 following the conclusion of discussions with the Waste partner regarding harmonisation costs. These are partly offset by the impact of inflation increases on contract payments.

The Housing / Council Tax Benefit position continues to experience growth in caseload above those anticipated and this has resulted in both greater costs and offsetting subsidy income received. The forecast net recovery position is a surplus of £180,000.

2.2 Income

These key 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. These income budgets are being closely monitored and the table below shows the half year position.

Key Income Budgets	Original Budget 2011/12 £	Projected Outturn 2011/12 £	Forecast Budget Variance 2011/12 £
Investment Property Income	(970,000)	(905,000)	65,000
Bulk Containers/Trade Waste	(378,500)	(381,000)	(2,500)
Planning Fee Income	(300,000)	(300,000)	0
Investment Interest	(270,375)	(313,630)	(43,255)
Building Control Income	(193,000)	(193,000)	0
Land Charges	(70,000)	(110,000)	(40,000)
Car Parking Income	(95,100)	(90,000)	5,100

There has been an increase in the number of empty units this financial year which is reflected in the projected shortfall in property rental income against budget.

Short-term investment income has increased due to higher cash balances than anticipated and improved rates earned on some term deposits. This is forecast to be an increase of £43,000 against the original budget by the end of the year.

Planning fee income is on target against the profiled budget of £225,000 for the period, with just under £224,000 received to the end of December 2011.

Similarly, Building Control income is on target against the profiled budget of £145,000 for the period, with just under £143,000 received to the end of December 2011.

The increase in land charges income against the original forecast is due to a greater number of property searches from house buyers than originally forecast.

2.3 Overall Commentary

The original budget for 2011-12 included a contribution from General Reserves of £0.430m. The projected underspending of £0.138m will result in a reduced contribution from General Reserves of £0.292m.

Although the financial performance of the Council when compared to the original budget is currently showing a projected underspend it should be noted that there are a number of assumptions made to project performance to the end of the year and therefore this current position should be treated with some caution.

2.4 Efficiency Savings/additional income against targets

The original Budget for 2011/12 includes an efficiency savings target of £1.819m which has been allocated to specific services. The current outturn forecast is total Efficiency Savings/additional income savings of £1.461m, a shortfall of £0.358m against the original target.

Looking for opportunities to make budget savings is a continuous process. A further programme of potential budget savings has been identified which includes items totalling £0.378m which have been identified in the current year and therefore this addresses the shortfall in the current year.

As these savings have a recurring impact, they will also reduce the overall budget gap in 2012/13 and future years.

3. Capital Programme

Details of the Council's capital spending against budget for the current year is set out in Appendix 3. In summary, the 2011/12 budgeted capital expenditure, including re-phasing from 2010/11, is £3.332m. The forecast outturn for 2011/12 is £2.275m, a forecast variation of £1.057m, of which £1.018m relates to works re-programmed into future years and £0.039m is the forecast saving in 2011/12.

Appendix 2

EFFICIENCY SAVINGS AND ADDITIONAL INCOME TARGETS – FORECAST OUTTURN 2011/12

		BUDGET £	Estimated PYE 2011/12 £	Projected FYE 2012/13 £	Notes - Progress/Implementation Stage
<u>Income Generation</u>	Pre-planning advice	25,000	5,000	5,000	Demand led income depending on buoyancy of the development market
	Memorial Plaques	5,000	0	0	No longer a viable option to generate income
	Worden Park - kiosk	50,000	0	0	The net income generated hasn't been at the levels originally anticipated
	Memorial woodlands	10,000	0	0	LCC funding has been withdrawn
	Bins at new properties	15,000	3,000	15,000	Completed and target income forecast to be achieved in 2012/13
	Taxi Licensing fee increase	16,000	0	0	No. of private hire licences has fallen, no longer a viable option to generate additional income
	<u>Collaborative Working</u>	Shared Revenues and Benefits	220,000	220,000	270,000
Shared Financial Services		75,000	75,000	60,000	Completed and achieved
Shared Assurance Services		45,000	46,000	46,000	Completed and achieved
Commercial Services		60,000	47,000	66,500	Review completed. Shortfall in 2011-12 is due to the restructure being implemented half way through the year
<u>Management and Administration & Service Restructures</u>	Deputy Chief Executives' Post	120,000	120,000	120,000	Completed and achieved
	Housing	110,000	110,000	123,000	Review Completed and achieved
	Community Involvement	350,000	223,000	350,000	Shortfall in 2011-12 is due to the restructure being implemented half way through the year
	Environmental Health	33,000	33,000	33,000	Completed and achieved
	Property Services	41,000	20,500	41,000	Review completed and achieved – part year impact in 2011/12
	ICT		112,000		Review completed and target exceeded

	BUDGET £	Estimated PYE 2011/12 £	Projected FYE 2012/13 £	Notes - Progress/Implementation Stage
	110,000		129,000	
Administration	120,000	100,000	133,500	Review completed and target exceeded from 2012/13
Development Control	13,000	13,000	13,000	Review completed and achieved
<u>Discretionary Spending</u>				
Leisure Partnership Review	50,000	40,000	40,000	The target has partly been achieved through the reduction of repair & maintenance costs
Lancs and Blackpool Tourist Board	5,000	5,000	5,000	Completed and achieved
<u>Asset Utilisation</u>				
Worden Park - visitor attraction	60,000	0	0	Feasibility study re: play barn scheme indicated that it is not a viable option
Civic Centre	70,000	75,000	75,000	Completed and target exceeded
Moss Side depot	10,000	-	10,000	Negotiation underway with Property Services and third party
Vehicle Replacement	56,000	58,000	58,000	Review completed and target exceeded
Transport Review	50,000	55,000	55,000	Review completed and target exceeded
Desktop replacements deferred	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	4,000	Completed and achieved
Street furniture replacement	5,000	5,000	4,000	Completed and achieved
Corporate Training Budget	10,000	10,000	10,000	Completed and achieved
	1,819,000	1,460,500	1,746,000	
Forecast Shortfall in 2011/12 (Full year forecast)		358,500		