

GOVERNANCE COMMITTEE

Budget Monitoring Report as at June 2012



Budget Monitoring Report as at June 2012 (Quarter 1 2012-13)

1. REVENUE BUDGET PERFORMANCE

The approved budget for 2012/13 is £13.570m less £0.437m transfer from general reserves resulting in a net budget requirement of £13.133m. The report compares the profiled 2012/13 budget with the net expenditure as at 30 June 2012. This comparison to the profiled budget shows a net underspend of £0.293m.

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	(63)
	Supplies and Services	(48)
	Transport	(20)
	Homelessness – Temporary Accommodation	8
	Income	
2.2	Planning application fees increase	(126)
	Investment Property income	(24)
	Short-term investment income	(10)
	Housing / Council Tax Benefit (net) Over-recovery	(24)
	Trade Waste income shortfall	6
	Locality Working additional external funding	(15)
	Other	
	Other net movements	23
Variation to Budget as at 30 June 2012 - (underspend)		(293)

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 £63,000. This figure is broken down further into an underspend of £49,000 as a result of vacancies plus £8,000 underspend in advertising and training costs and £6,000 saving in other employee related costs.

Premises

At the end of the first quarter there is a minor underspend in comparison to the profiled budget of just £2,000. Expenditure is in line with the anticipated level of spend and there are no significant variation to report.

Transport Related

There is currently a total underspend in transport related costs of £20,000 which includes a savings of £12,000 in hire/lease costs and £8,000 in mileage expenses.

Supplies and Services

The £48,000 variance in supplies and services is mainly due to underspends at the first quarter in the following budgets:

- Printing and stationery £12,000;
- IT consultancy and contract payments £24,000;
- Professional fees (local plans) £14,000.

Expenditure against these budgets will be monitored closely through the year to identify any potential outturn savings that can be built into future budgets on a permanent recurring basis.

2.2 Income

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

Income Budgets	Original Budget 2012/13	Budget to June 2012/13	Actual to June 2012/13	Current Budget Variance 2012/13
	£	£	£	£
Investment Property Income	(957,266)	(627,865)	(651,797)	(23,932)
Bulk Containers	(381,000)	(381,000)	(374,829)	6,171
Planning Fee Income	(300,000)	(75,000)	(201,217)	(126,217)
Building Control Income	(193,000)	(48,250)	(39,456)	8,794
Investment Interest	(266,000)	(66,500)	(77,169)	(10,669)
Land Charges	(110,000)	(27,500)	(30,695)	(3,195)
Car Parking Income	(90,000)	(22,500)	(19,663)	2,837

Investment property income exceeded the budget forecast in the first quarter of 2011/12 as a result of successful lettings which weren't anticipated and also additional income due to the agreement of an annual rent increase which was backdated to the previous year.

Planning fee income increased significantly during the first quarter of this year against the level that was originally anticipated when the budget was profiled. The fee income in the first quarter includes five major planning applications totalling £141,000.

New draft planning application fee regulations have just been laid before Parliament and these regulations set out the new scale of fees to be applied by local planning authorities. In general terms the proposed new fees represent an overall increase of approximately 15% on current fee levels to allow for inflation since the last increase in 2008. However the actual impact on income levels for South Ribble will depend on the type and number of applications made. The timetable for when the new regulations come into force has yet to be confirmed and the financial implications will be assessed and reported during the year.

There was a shortfall in Building Control income in the first quarter of 2011/12. As reported previously, the current economic climate presents a challenging environment for the 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 end of the year.

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

There is an increase in short-term investment income in the first quarter of £10,000 against the profiled original budget. £5,000 is attributable to the Council's cash flow profile and £5,000 is as a result of a recalculation of the accrued interest in respect of the Icelandic investments.

Other Budget Heads

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 which results in a net saving of £24,000 in the first quarter.

Additional external funding of £15,000 has been achieved for locality working through the Public Realm Agreement with Lancashire County Council.

2.3 Efficiency Savings/additional income against targets

The revenue budget approved for 2012/13 includes an efficiency saving target of £643,600. The items making up this target have already been allocated and accommodated within the detailed budget in the first quarter. It is anticipated that all the targets will be achieved during the year but any variance will be reported to members to ensure that the financial performance and impact of these budget efficiencies remains transparent and a priority area for budget scrutiny.

BUDGET EFFICIENCY PROGRAMME 2012/13 and ONWARDS

Directorate	Scheme	Budget Savings 2012/13 £	Budget Savings 2013/14 onwards £	Progress/Implementation Stage
Neighbourhoods	Staffing Review	63,405	63,405	Review complete and recurring savings achieved through deletion of vacant posts.
	Review of Vehicle Fleet	89,000	89,000	Reduced repairs & maintenance, vehicle hire costs and re-phasing of life of fleet achieved through smarter route planning and the impact of the Farington Waste Plant.
	Waste Management contract	15,000	15,000	Staff turnover savings through review of the harmonisation costs for staff employed in the waste partnership.
	Partnership Income	15,000	15,000	Additional work undertaken for partners (LCC) through locality working.
	Trade Waste Income	15,000	15,000	Net income achieved through encouraging trade customers to move to a reduced cost recycling service.
	Sub-Total	197,405	197,405	
Shared Financial Services	Budget Review (50% of Total Shared Services Saving)	50,000	50,000	Recurring savings achieved through restructure of service and reduced IT costs following implementation of new FMIS.
	Base Budget Review	122,000	124,000	Savings achieved across various budgets following a detailed review.
	Sub-Total	172,000	174,000	
Regeneration & Healthy Communities	Review of Catering Services	42,920	42,920	Recurring staffing savings achieved through review of catering and caretaking services.

Directorate	Scheme	Budget Savings 2012/13 £	Budget Savings 2013/14 onwards £	Progress/Implementation Stage
Regeneration & Healthy Communities	Sub-Total	42,920	42,920	
Shared Assurance Services	Staffing Restructure	3,175	3,175	Achieved following restructure implemented from Jan 2012.
	Insurance Policy Renegotiation	10,000	10,000	Savings in premiums achieved with effect from Jan 2012.
	Sub-Total	13,175	13,175	
Business Transformation	Desktop Replacement	20,000	20,000	Leasing cost saving due to upgrade of existing desktops.
	Consultancy Budget	10,000	10,000	Budget no longer required as work undertaken by in-house IT staff.
	Gateway Staffing - reduced contingency	43,515	43,515	Achieved through customer contact structure.
	Overpayment Recovery	50,000	0	Income target (2012/13) in relation to the recovery of Housing Benefit debt.
	Restructure proposals	62,240	62,240	Savings delivered through structural reviews of Benefits, IT and Admin across the council.
	Sub-Total	185,755	135,755	
Corporate Governance	Staffing Restructure - Mayoral & Civic/Democratic Arrangements	27,345	27,345	Savings achieved through restructure of service.
	Procurement of Online Legal Material	5,000	5,000	Budget reduced to reflect saving in procurement of legal materials on line
	Sub-Total	32,345	32,345	
	GRAND TOTAL	643,600	595,600	