

Budget Monitoring Report as at September 2012

1. REVENUE BUDGET PERFORMANCE AND IMPACT ON MTFS

The approved budget for 2012/13 is £13.570 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 30th September 2012. This comparison to the profiled budget shows a net underspend of £0.580m. Should this position continue to the end of the financial year it would in effect mean that we will not need to take the contribution from the general reserve currently budgeted.

The table below sets out the permanency of the items that have occurred this year and contributing to this underspend, so their impact on future years and the forecasted budget gap can be put into context. By simply adjusting for the one-off items the forecast recurring underspend position is significantly reduced in terms of the requirement to secure sustainable budget efficiencies as set out above.

	Variance to September (Under)/over spend £000's
Expenditure	
Premises	(35)
Supplies and Services	(36)
Transport	(54)
Homelessness – Temporary Accommodation	12
Income	
Investment Property income	(25)
Short-term investment income	(14)
Building Control income shortfall	12
Locality working additional external funding	(15)
Other net movements	30
Underspend against the Council's Budget	(125)
One off Items	
Employee Costs saving	(125)
Planning application fees increase	(189)
Housing / Council Tax Benefit (net) Over-recovery	(141)
Variation to Budget as at 30 September 2012 - (underspend)	(580)

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 £125,000. This figure includes:-

- £110,000 as a result of vacancies,
- £15,000 underspend in advertising, training and other employee related costs.

Premises

At the end of the September there is an underspend in comparison to the profiled budget for premises related costs of £35,000. This comprises of underspends in the following budgets:-

- £33,000 repair & maintenance,
- £2,000 other premises-related costs.

Transport Related

There is currently a total underspend in transport related costs of £54,000 which includes:

- a savings of £26,000 in repair & maintenance costs,
- £9,000 in hire/lease costs and
- £19,000 in mileage & travel expenses.

Supplies and Services

The £36,000 variance in supplies and services is mainly due to underspends in the following budgets:-

- IT costs £25,000 and
- Printing/office supplies £11,000.

The Homelessness – Temporary Accommodation budget of £55,000 is used to pay for emergency accommodation for households being presented as homeless. Some of the costs are fixed as service level agreements are in place but the rest of the budget is demand led. As with any service that is exceeding its budgetary provision this area of spend is currently being scrutinised in order to formulate an action plan to take corrective action with regard to the financial position and to prepare for the impact welfare reforms may have in this area.

2.2 Income

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

Income Budgets	Current Budget 2012/13 £	Budget to September 2012/13 £	Actual to September 2012/13 £	Current Budget Variance 2012/13 £
Investment Property Income	(959,604)	(750,065)	(775,398)	(25,333)
Bulk Containers	(381,000)	(381,000)	(371,178)	9,822
Planning Fee Income	(300,000)	(150,000)	(339,488)	(189,488)
Building Control Income	(193,000)	(96,500)	(84,012)	12,488
Investment Interest	(266,000)	(133,000)	(147,135)	(14,135)
Land Charges	(110,000)	(55,000)	(60,348)	(5,348)
Car Parking Income	(90,000)	(45,000)	(42,469)	2,531

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.

Investment property income exceeded the budget forecast to September as a result of successful lettings which were not anticipated and additional income due to rental increase agreements. Planning fee income increased significantly during the 6 months of this year against the level that was originally anticipated when the budget was profiled and compared to the fee income achieved in the same period in the last financial year. The fee income to date includes nine major planning applications which alone generated income totalling £233,000.

New draft planning application fee regulations have just come on line, 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. The actual impact on income levels for South Ribble, however, will depend on the type and number of applications received.

There is a shortfall in Building Control income in the first 6 months of 2012/13 of £12,000. As previously reported, the current economic climate resents a challenging environment for the Building Control function. The income is approximately 15% down on the same period last year and this is being 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.

It can also be seen that land charges income also experienced an increase in comparison to the level anticipated in the first 6 months. 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 6 months of £14,000 against the profiled original budget. This is attributable to the Council having higher cash balances than originally estimated when the budget was set and also a recalculation of the accrued interest in respect of the Icelandic investments.

Additional external funding of £15,000 has been received in 2012/13 for locality working through the Public Realm Agreement with Lancashire County Council. This new income stream which relates to weed control treatment will be reflected in the revised budget forecasts for Neighbourhoods in 2012/13 and future years.

The Bulk Container income from the trade waste service is currently showing a shortfall of £10,000 to date, however, it is expected that this income will pick up and may well achieve the full year budget at year end. The service is encouraging customers to adopt a less expensive recycling option which will reduce disposal and income charges. This position will continue to be monitored and any financial implications will be reported during the year.

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 £141,000 in the first 6 months. Of this saving, £34,000 relates to an increase in the allocation of Administration Costs Grant in 2012/13. The expenditure of this service can fluctuate at times throughout the year and it is expected that the current net saving will continue to vary throughout the rest of the year.

2.3 Efficiency Savings/additional income against targets

The revenue budget approved for 2012/13 includes a programme of budgetary efficiency targets totalling £643,600. These targets have been successfully allocated to specific services and projects and therefore no savings targets are outstanding. Further monitoring throughout the year to evidence continued successful implementation will be carried out and reported to Governance Committee should any issues arise with regard to both financial and service performance in these areas.

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 rephasing of life of fleet achieved through smarter route planning and the impact of the Farington Waste Plant.
	Waste Management contract	15,000	15,000	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 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.
	Sub-Total	42,920	42,920	

Directorate	Scheme	Budget Savings 2012/13 £	Budget Savings 2013/14 onwards £	Progress/Implementation Stage
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 inhouse IT staff.
	Gateway Staffing - reduced contingency	43,515	43,515	Achieved through customer contact structure.
	Overpayment Recovery	50,000	0	Income target 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	
	Totals	643,600	595,600	

3. OVERALL COMMENTARY

It is pleasing to report that the financial position as at 30 September 2012 shows the Council is overall performing well against its profiled budget. There are, however, a number of noteworthy issues:-

- This performance is based on a number of assumptions made with regard to the expected spending patterns and levels of income to the end of September. Therefore, it is too early in the year to accurately predict the projected position to the end of the year.
- A large proportion of the budget underspend reported above has been generated by non-recurring items and therefore the impact on the MTFS and the Council's forecasted budget shortfall in future years is significantly reduced.
- Although the efficiency targets listed above are fully allocated, performance against the reduced budget position must continue to be scrutinised to ensure that the relevant business and operations changes have been effective in their aim of reducing costs and, where applicable, in maintaining service provision.

In summary, performance against budget as at 30 September 2012 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. With regard to the budget variations that have been categorised as recurring, a base budget review of variances will differentiate between seasonal variations and potential recurring savings.