

Report of	Meeting	Date
Director of Transformation (Introduced by the Executive Member for Resources)	Executive Cabinet	11 th November 2010

REVENUE BUDGET MONITORING 2010/11 REPORT 2 (END OF SEPTEMBER 2010)

PURPOSE OF REPORT

1. This paper sets out the current financial position of the Council as compared against the budgets and efficiency savings targets it set itself for 2010/11 for the General Fund.

RECOMMENDATIONS

2. Executive Cabinet are asked to note the contents of the report and approve the use of additional Planning Fee income received in 2010/11 to finance the software upgrade outlined in paragraph 16.

EXECUTIVE SUMMARY OF REPORT

3. The Council expected to make overall target savings of £360,000 in 2010/11 made up of £300,000 from management of the establishment, £50,000 from the review of Administrative and Transactional Services, and £10,000 from the review of the Car Leasing scheme. This equates to £150,000 establishment savings for the first two quarters and I am pleased to report that excellent progress has been made in this area with savings of £225,000 already achieved.

Further savings will be made as the year progresses and more vacancies occur, which should ensure the target for the year is achieved. Savings against the other targets should be realised as the year progresses following completion of the review of administrative and transactional services and the implementation of changes to the car leasing scheme.

4. The projected outturn shows a forecast underspend of around £153,000 against the budget for 2010/11.
5. There are a number of areas that will be monitored closely as the year progresses, these are:
 - Contributions to Corporate Savings and Efficiency Targets
 - Major income streams, in particular car parking fees, planning/building control fees.
 - Concessionary travel and benefit costs
6. No action is proposed at this stage in the year even though further savings are still required. If later in the year the situation requires it, then further steps may be necessary and I will advise Members should I feel action is appropriate.

REASONS FOR RECOMMENDATIONS

(If the recommendations are accepted)

7. To ensure the Council's budgetary targets are achieved.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

8. None.

CORPORATE PRIORITIES

9. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub region.		Develop local solutions to climate change.	
Improving equality of opportunity and life chances.		Develop the character and feel of Chorley as a good place to live.	
Involving people in their communities.		Ensure Chorley is a performing organisation.	✓

Ensuring cash targets are met maintains the Council's financial standing.

BACKGROUND

10. The Council's budget for 2010/11 included real cash savings targets of £300,000 from the management of the establishment and a further £60,000 of savings to come from the review of administrative and transactional services and the implementation of changes to the car leasing scheme.

The budget also included challenging targets for the Council's main income streams despite some major adjustments being made to the 2010/11 budgets to reflect the downturn in the economy.

CURRENT FORECAST POSITION

11. The appendix 1 shows the summary forecast position for the Council based upon actual spending in the first six months of the financial year, adjusted for future spending based upon assumptions regarding vacancies and service delivery. No individual service directorate figures are attached. These are available for inspection in the Members Room.
12. In the period to the end of September we have identified a further £150,000 of contributions towards the annual corporate savings target of £300,000 for managing the establishment. The main savings that have been identified are analysed by directorate as £100,000 as a result of savings from within the Transformation Directorate, £30,000 from Partnerships, Planning & Policy Directorate, and £20,000 from People & Places Directorate.

These savings are in the main as a result of vacant posts, some of which have been kept vacant pending the outcome of directorate and departmental restructures due to take effect within the coming months. It should be noted that significant savings have been generated from vacant posts within the Planning section in the first half of the year but I

am pleased to report that all the posts in this section have either been filled or are being covered by temporary or agency staff.

13. In my report to the Executive Cabinet of 12 August, I advised on the projected outturn for 2010/11, which outlined a forecast underspend of £64,000 based on monitoring information at the end of June. This forecast has now been updated to include income and expenditure to the end of September and the revised outturn position is detailed in Appendix 1.

The updated forecast shows an underspend against the budget of around £153,000. The significant movements since my last report are shown in the table below. Further details are contained in the service unit analysis available in the members' room:

Table 1 – Significant Variations from the last monitoring report

	£'000
Expenditure	
Savings on staff salaries	(33)
External Audit Fees	(29)
Active Nation - energy saving rebate	(17)
Income	
Planning Applications/Building Control income	(53)
Local Land Charge income	25
Income generation from external bodies	(35)
LCC Grass Cutting/Grounds Maintenance	22
Other minor forecasts	31
Net Movement	(89)

14. The forecast saving of £33,000 on staff salaries shown in the table above is in addition to the contribution of £150,000 already made to the corporate savings target in quarter 2 giving a total saving of £183,000 from management of the Council's establishment.
15. The most significant change to report is the forecast outturn position for Planning and Building Control Fees. Income received for Planning Application Fees over the first six months of the year has been above budgeted levels and even allowing for a slight downturn it is prudent at this stage to forecast a surplus of around £60,000 for the year.

Income levels for Building Control Fees over the first half year have been slightly below budget levels and this is likely to offset the surplus on Planning Fees by around £7,000 in 2010/11.

16. Under the Council's invest to save policy it is recommended that £45,000 of the additional income generated from Planning Application Fees in 2010/11 be used to finance a one-off software upgrade to the Idox system currently in use in Planning and Building Control. The upgrade would provide a platform to enable the Land Charges section to be moved onto the same software giving a more streamlined approach and creating efficiencies across

departments. Once the migration to Idox has been implemented there would no longer be a need to use the existing land charges software that is currently provided by Northgate Information Solutions. If members were to approve the recommendation this investment would generate an on-going revenue saving of around £19,000 per year. There is also an additional cost and requirement to digitize records that currently exist on microfiche to enable associated services to be delivered at the first point of contact. This will be funded through virement of existing budgets.

17. Another area where the Council will achieve a saving against budget in 2010/11 is on External Audit Fees. The programme of audit work undertaken by the Audit Commission regarding Use of Resources and Value for Money is being scaled back in the current year and will result in reduced charges to the Council. The audit scale fee for 2010/11 also included a 6% increase to cover the costs of additional work arising from the introduction of International Financial Reporting Standards (IFRS). However, in recognition of the financial pressures that public bodies are currently facing, the Audit Commission has since confirmed that it would subsidise this cost and refund local authorities. The result of these issues is a saving against the 2010/11 budget of around £29,000.
18. One area from where the Council's revenue budget should benefit this year is from investment made in the replacement of the central heating units in the borough's leisure centres. The installation of energy efficient heating systems should help to drive down heating costs and this saving will be reflected in the form of an energy saving rebate from Active Nation UK Ltd. It is estimated that the saving to Chorley Council will be around £17,000 in the current year.
19. Earlier this year the government announced that it would amend the Local Land Charge Rules and revoke the £22 personal search fee with effect from August 2010. As a result, it is estimated that the loss of income to the Council will be in the region of £25,000 in the current financial year.

It should be noted however that at the time of the initial announcement the government stated there would be no overall cost to local authorities in the current financial year, as the loss of income would be met by central Government under the new burdens doctrine. No further announcement has been made on this issue and it is looking increasingly unlikely that local authorities will be reimbursed by additional grant funding. As a result I think it is prudent at this stage to outline the resulting loss of income for 2010/11.

20. As was recently announced, plans are being put in place for Donna Hall to become the shared Chief Executive of both Chorley and Wyre Borough Councils. If this arrangement is approved, Wyre will contribute to half of the costs with effect from November of this year and this will generate additional income to the Council of around £35,000 for the period November to March. The first full year saving from this arrangement will be around £86,000 in 2011/12.
21. The 2010/11 budget included a provision for a potential revenue saving to be achieved through negotiation with Lancashire County Council over a view to producing an alternative public realm provision, particularly in relation to the Street Services Agreement which covers grass cutting, weed treatment and leaf clearance around the borough. It is unlikely that this issue will be resolved this year and as a result it is prudent at this stage to forecast that the potential revenue saving of around £20,000 will not be realised.
22. In previous monitoring reports I highlighted the ongoing discussions with Lancashire County Council regarding the use and application of marginal off-street parking income on the Parkwise account. It was the Council's view that the recording of this income had not been treated correctly in the account and the amount owing to the Council could be significant if the treatment is backdated for previous years. The total due to the Council for 2008/09 had previously been agreed with County in the sum of £58,623. I am pleased

to report that agreement has now been made for previous years and the Council will now receive a further payment of around £158,000.

IMPLICATIONS OF REPORT

23. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

24. The financial implications are detailed in the body of the report.

GARY HALL
DIRECTOR OF TRANSFORMATION

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Dave Bond	5488	22/10/10	