

Report of	Meeting	Date
Director of Transformation (Introduced by the Executive Member for Resources)	Executive Cabinet	17 February 2011

REVENUE BUDGET MONITORING 2010/11 REPORT 3 (END OF DECEMBER 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.

RECOMMENDATION(S)

2. Executive Cabinet are asked to note the contents of the report

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. I am pleased to report that excellent progress has been made in this area and that all the savings targets for 2010/11 have now been achieved.

Should further savings be made during the remainder of the year as a result of additional vacancies, this will help to contribute towards increasing general balances.

4. The projected outturn shows a forecast underspend of around £92,000 against the budget for 2010/11. Although this is a reduction on the previous forecast by £61,000 this is an excellent position as the current forecast includes all the one-off costs incurred to date associated with the recent directorate restructures.
5. There are a number of areas that will be monitored closely as the year progresses, these are:
 - Major income streams, in particular car parking fees, planning/building control fees.
 - Concessionary travel and benefit costs.
6. As the projected outturn shows a forecast under spend against the budget, no further action is proposed at this stage in the year. 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 RECOMMENDATION(S)

(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:

Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	
Safe Respectful Communities		Quality Community Services and Spaces	
Vibrant Local Economy		Thriving Town Centre, Local Attractions and Villages	
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			✓

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 nine 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 December we have identified a further £135,000 of contributions towards the overall annual corporate savings target of £360,000. The main savings that have been identified are analysed by directorate as £100,000 as a result of savings from within the People & Places Directorate, £25,000 from the Transformation Directorate and £10,000 from the Chief Executives Office.
13. In my report to the Executive Cabinet of 11 November, I advised on the projected outturn for 2010/11, which outlined a forecast underspend of £153,000 based on monitoring information at the end of September. This forecast has now been updated to include income and expenditure to the end of December and the revised outturn position is detailed in Appendix 1.

The updated forecast shows an underspend against the budget of around £92,000. 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	
Severance/Redundancy payments	161
Other staffing costs	(40)
Training	(17)
Consultants Fees	(15)
Elections (saving from combined elections)	(12)
Additional Business Start Ups	(12)
Computer Equipment/Software	(11)
Members Allowances/related costs	(8)
Income	
Legal/Surveyors Fees	(21)
Markets Income	17
Recruitment Advertising	(8)
Cemetery Income	(8)
Local Land Charge income	(7)
VAT Recovery (Fleming Claim)	(50)
Other savings	(43)
Net Movement	(74)
Transfer to Corporate Savings Targets	135
Net Movement from September Report	61

14. Clearly the most significant change to report is the one-off severance and redundancy costs of around £161,000 incurred as a result of the recent directorate restructures. In October of last year the Executive Cabinet considered a report outlining proposals to restructure teams within the People and Places Directorate, Strategic Housing Section, Administrative and Transactional Services and Policy and Communications. The focus of the restructure was to centralise a number of services with the aim of reducing back office costs in preparation for the Comprehensive Spending Review, realising an annual saving of around £470,000.

Also included within the £161,000 costs incurred to date are voluntary severance and early retirement payments resulting from the restructure of Shared Financial Services. Details of this restructure were presented to Members in November of last year and highlighted savings of around £120,000 to be shared equally between Chorley and South Ribble Councils.

It should be noted that the £161,000 figure outlined above excludes any pension strain costs for which the Council will make a capitalisation direction.

15. The forecast additional saving of £40,000 on staff salaries shown in the table above has been achieved predominantly from within the People and Places Directorate as a result of vacant posts, some of which have been kept vacant pending the outcome of the departmental restructures outlined above.
16. The Human Resources training budget for 2010/11 was set at £43,400 plus slippage of £6,100 carried forward from 2009/10, giving a total of £49,500 for the year. This is forecast to be around £17,000 under spent at year end.

Personal Development Plans are completed by all staff in September and then training and development courses are arranged as required usually by the end of November. Completing the PDP's by the end of September is not ideal in terms of time left to organise training in year and this issue is being addressed for 2011/12. As a result, some of the training committed will only take place in the new financial year and it is likely that a slippage request will be made to carry forward a sum of around £12,000 out of the £17,000 under spend reported above.

17. One area that is likely to generate a saving is from the Consultants Fees budget in Policy and Performance. The budget for 2010/11 was set at £48,740 made up of £40,000 recurrent budget to cover the cost of various corporate reviews, assessments and surveys such as Value for Money reviews, the Place Survey and Citizens Panel surveys, and £8,740 slippage carried forward to cover the cost of the Peer Review postponed from 2009/10.

A recent partnership working agreement has been set up with ValueAdding.com Ltd. who conduct the VFM reviews and this should help to reduce future costs. The Place Survey due to take place in 2010/11 was cancelled by the Government, reducing costs further for the current year. It is unlikely that any significant further costs will be incurred before the year-end and this should result in a budget under spend of around £15,000 for 2010/11.

18. Another area where the Council has achieved a saving against budget is in relation to the 2010 elections. As a result of the local elections being combined with the General Election the Council has managed to reduce costs and this will achieve a saving of around £12,000 for this financial year.
19. Additional income has been received throughout 2010/11 in relation to Legal Fees and Surveyors Fees which is forecast to result in a surplus of around £21,000 for the year. This has been generated from a combination of both work undertaken by the Council's Legal Services team, and also in relation to the sale and transfer of Council land.
20. One area where the Council is likely to under achieve against its income budgets set for 2010/11 is in relation to tolls for the General and Flat Iron Markets. Whilst the covered market continues to attract permanent stall holders, income levels for the Flat Iron Market have suffered as numbers of casual stall holders have reduced. This may be partly as a result of the current pressures in the economic climate but is more likely to have been as a direct result of the recent bad weather over the usually busy Christmas period.

The current forecast predicts a shortfall in income of around £17,000 but this position will be monitored closely over the remainder of the year.

21. Over the past two years the Council has made claims for the refund of VAT it has paid in respect of a number of leisure activities. It has recently received a further £23,000 in respect of VAT on coaching activities, and it is expected that an additional £27,000 will be paid in respect of interest accrued, giving a total of £50,000 additional income to the Council.

22. There are two budget areas that could potentially impact on the Council's budget outturn position at year-end due to their volatility which are Concessionary Travel and housing and council tax benefits.

Throughout the year it is extremely difficult to accurately predict the level of expenditure relating to benefits and subsequent levels of subsidy as the nature of the budget is demand driven. In the case of Concessionary Travel, detailed information is only usually received several weeks or sometimes months in arrears. Based on the latest information available, it is estimated that expenditure and income levels in both these areas will be broadly in line with the budgets set for 2010/11. Should more up to date information become available and the position changes, Members will be advised accordingly.

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
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