

Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Resources)	Executive Cabinet	23 February 2012

REVENUE BUDGET MONITORING 2011/12 REPORT 3 (END OF DECEMBER 2011)

PURPOSE OF REPORT

1. This report sets out the current financial position of the Council as compared against the budgets and efficiency savings targets it set itself for the financial year 2011/12.

RECOMMENDATION(S)

2. That the contents of the report be noted.
3. That the Executive Cabinet recommends the Council to set aside a sum of £250,000 from current year general revenue fund savings to repay debt in line with the Council's debt reduction strategy and 2012/13 budget proposals.

EXECUTIVE SUMMARY OF REPORT

4. The Council expected to make overall target savings of £358,000 in 2011/12 from management of the establishment, a reduced pension rate from the draft budget, and 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 2011/12 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.

5. The overall projected outturn currently shows a forecast underspend of around £525,000 against the budget for 2011/12.

Confidential report Please bold as appropriate	Yes	No
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Key Decision? Please bold as appropriate	Yes	No
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Reason Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	2, a contract worth £100,000 or more
	3, a new or unprogrammed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

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

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

7. None.

CORPORATE PRIORITIES

8. 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

9. The Council's approved revenue budget for 2011/12 included savings proposals of £1.197m required to balance the budget and maintain front line services. All the proposals have now been implemented including the proposed changes to the planning fees structure.
10. In addition to the savings outlined above, the Council expected to make overall target savings of £358,000 made up of £300,000 from management of the establishment, £36,000 from a reduction to the pension rate, and £22,000 from the review of the Car Leasing scheme.

CURRENT FORECAST POSITION

11. Set out in Appendix 1 is the summary forecast outturn 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 can be viewed using the following link and are also available as hard copies for inspection in the Members' Room: <http://democracy.chorley.gov.uk/documents/s23936/Directorate%20Monitoring%20Statements%20-%20December%202011.pdf>
12. In the third quarter, October to December, we have identified a further £49,000 of contributions towards the annual corporate savings targets of £358,000 for 2011/12. This is in the main as a result of vacant posts.
13. In my report to the Executive Cabinet of 24 November, I advised on the projected outturn for 2011/12, which outlined a forecast underspend of £391,000 based on monitoring information at the end of September.

The 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 £525,000. 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.

ANALYSIS OF MOVEMENTS

Table 1 – Significant Variations from the last monitoring report

Note: Further savings/underspends are shown as ().

	£'000	£'000
Expenditure		
Staffing costs	(11)	
Elections (saving from combined elections)	(44)	
Skips/Refuse Collection (Bengal St Depot)	(10)	
Electricity (Civic Buildings)	(23)	
Lancastrian Suite Improvements	<u>30</u>	(58)
Income		
Markets Fee Income	(14)	
Building Control Income	15	
Planning Application Income	(20)	
LCC Funding for administration of Childrens Trust	(40)	
Net Financing (Interest Receivable)	<u>(17)</u>	(76)
Net Movement		(134)

14. The most significant change in the forecast is a saving against budget of around £44,000 as a result of the May 2011 elections being combined with the National Referendum. In this election there were a number of major spend areas that were shared with the Cabinet Office such as Poll Card and Postal Vote printing and distribution, hire and staffing of polling stations, the postal vote opening process and part of the count process. This is the first time in a number of years where all these spend areas were combined, resulting in significant savings to the Council.
15. Additional savings on staffing costs of around £60,000 have been generated since the last monitoring report, predominantly from within the People and Places and Transformation directorates as a result of vacant posts. £49,000 of this sum has been used to meet the Council's annual corporate savings target and the remaining £11,000 underspend will help contribute towards increasing general balances.
16. One issue that has been previously reported in budget monitoring is the expenditure relating to refuse collection and skip hire at Bengal Street Depot. Efficiency savings have been achieved by using Council vehicles wherever possible, tipping directly rather than bringing refuse back to the skip, and by increased chipping of green waste to reduce the volumes of waste for disposal. The latest forecast indicates there could be a further saving of around £10,000 in the current year, giving a total saving of £20,000 against budget for 2011/12.

17. The 2010/11 and 2011/12 electricity budgets for the civic buildings were calculated based on invoices received and on energy usage figures provided by the energy suppliers. However, as both the invoices and usage figures were based on estimated meter readings, the true cost of electricity for both Union Street and the Town Hall has been difficult to assess. The Council is still involved in on-going discussions with Npower to try and resolve this issue and provide accurate billing in future. Despite this, the Council has been using Liberata UK who have been able to provide meter readings to help monitor energy consumption, and based on the information provided the forecast outturn costs for 2011/12 are around £23,000 lower than budgeted.
18. A separate report is to be presented to members on the use of the Lancastrian Suite following a review of the Lancastrian Scrutiny Task Group. The report recommends a one-off budget provision is made to undertake minor improvement works to the backstage and bar areas. The final cost of the work is yet to be determined but a forecast of around £30,000 is currently assumed and that this will be met from current year underspends from within the Transformation Directorate.
19. Previous monitoring forecasts had assumed a shortfall in markets income of around £23,000 partly on the assumption that with the introduction of quarterly billing, the number of traders would diminish for the last quarter of the financial year. Historically this post-Christmas period, combined with the worst of the winter weather, has resulted in the slowest trading months and as a result this would reduce fee income for the final quarter. This has proven not to be the case, and the Chorley Markets with their popular Gazebos continue to attract traders. As a result, an additional £14,000 income has been added to the forecast, reducing the estimated outturn deficit to around £9,000.
20. One area where the Council is likely to under achieve against its income budgets set for 2011/12 is in relation to Building Control Fees. The previous forecast was for a deficit of around £10,000 but income levels have continued to remain below the levels anticipated in the budget over the third quarter and as a result the forecast deficit for the year has increased by £15,000.
21. On a more positive note, income levels from Planning Fees have been particularly strong over recent months and the current forecast is for a surplus of around £20,000 above the budget target of £550,000 set for 2011/12.
22. One further item to note is the additional £40,000 in income from Lancashire County Council that has been brought into this years revenue account. The sum is in respect of funding to cover the Council's administrative costs of running the Chorley Children and Young People's Trust.

GENERAL FUND RESOURCES AND BALANCES

23. The General Fund balance brought forward at 1 April 2011 was £2.077m after the transfer of approved slippage. The current forecast to the end of December shows that the General Fund balance will be around £2.261m.
24. One further item for consideration is the requirement to set aside a sum of around £400,000 to repay debt in line with the Council's debt reduction strategy. In setting the budget strategy for 2011/12 to 2013/14 the Council agreed that borrowing should be reduced in order to repay short term debt and reduce the associated revenue costs from servicing this debt. To achieve a revenue saving of around £50,000 for 2012/13 a contribution of around £250,000 will be required from current year underspends, in addition to the £150,000 identified in the Capital Monitoring report from capital receipts and Vat Shelter Income. The latest forecast indicates that this should be achievable. If the recommendation is approved this would reduce the forecast General Fund balance to around £2.011m which remains in line with the £2m requirement set out in the Council's Medium Term Financial Strategy.

IMPLICATIONS OF REPORT

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

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

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

COMMENTS OF THE MONITORING OFFICER

27. The Monitoring Officer has no comments.

GARY HALL
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Dave Bond	5488	30/01/12	Revenue Budget Monitoring 2011-12 Report 3.doc