

SUMMARY OF GENERAL FUND MAJOR VARIANCES (Qtr 1 2010/11)

(Not included elsewhere in the report - excluding salaries for example)

FACTORS INFLUENCING VARIANCES	Variance to Date £	Current Year Projection £	Future Years Projection £
1. One-off windfalls & unforeseeable savings	(41,900)	(157,000)	(50,000)
2. Demand led variances	+37,400	+219,400	+171,900
3. Efficiency savings	(55,900)	(94,000)	(98,000)
4. Service changes and reductions	+14,700	+94,400	+76,900
5. Budget setting issues/errors	(26,900)	(52,800)	(101,400)
6. Other variances	+93,800	+112,200	+82,700
TOTAL VARIANCES	+21,200	+122,200	+82,100

Service	Variance Type	Service Area	Variance to Date £	Current Year Projection £	Future Years Projection £	Reason for Variance & Action being taken
			+ = Adverse () = Favourable			
VARIANCES REPORTED THROUGH PRT PROCESS (SERVICE HEAD COMMENTS)						
Democratic Services	2	City Elections	+9,000	+15,000	+0	Two by-elections already in the year with another due.
	1	Member Expenses	(4,700)	(16,400)	+0	Projected savings based on no increase agreed on Members Allowances / Special Expenses and only 8 Cabinet Members.
Legal & Human Resources	3	Books and Periodicals	(6,900)	(5,000)	(5,000)	The service is building on savings made last year, and only renews subscriptions where absolutely necessary.
	2	Search Fees	+14,400	+160,000	+193,800	Reduced number of searches. This is affected by the housing market and the general economic climate. In addition, proposed new legislation would prohibit Councils from charging for search fees and may even require them to refund previous fees collected. The Government is currently being lobbied by the Council and the LGA to reconsider the proposals.
Financial Services	4	Audit Fees	+0	+27,000	+0	Additional cost of £40K are anticipated in connection with various elector challenges on the 2008/09 accounts and other in-year elector queries. Whilst some savings will arise from the abolition of the Use of Resources assessment, in the current year this will only partly offset the additional costs (and the exact amount of UoR savings is not yet clear). For future years, assuming no further additional charges arise, best estimates indicate savings of 10-15% (say £20K per year for General Fund, £3K for HRA).
	2	Corporate Pension Costs	(4,000)	(4,000)	(4,000)	Linked to mortality rates.
	4	Subscriptions etc.	(1,000)	(8,000)	(8,000)	Various items covered, but main scope for savings relates to stopping various subscriptions for services.
	3	Various banking / bill payment costs	+0	(3,000)	(3,000)	Bill payment services have recently been re-tendered, resulting in estimated savings of £3K per year. Other banking arrangements being developed / re-tendered and this should result in further savings - a total of £5K per year has been assumed at present, though this will change.
	1	Investment Interest	(26,000)	(100,000)	(50,000)	Further to making impairment provisions for Icelandic investments (to cover both principal and interest losses), the General Fund will now benefit in future years from the interest due. A very provisional figure is given for this year's projection; there will also be fairly significant amounts to be included in budgets for future years but this needs further work and appraisal.
Revenues	1	NNDR Legal & Court Costs	(7,600)	(7,600)	+0	New charges not introduced until July (one-off savings).
Information Services	3	Printing / Copying Equipment	(8,400)	(10,000)	(10,000)	Continuing the savings achieved during 2009/10.
	1	Telephone Maintenance	(1,800)	(10,000)	+0	Further maintenance savings (in 2010/11 only) due to new telephone system.
Environmental Services	5	White Lund Depot - rates	+5,600	+5,600	+5,600	Reduction in transitional relief not budgeted after revaluation of depot.
	2	Bulky Waste Collection - income	+5,200	+10,000	+10,000	Current monitoring indicates that income is 15% down. Actions to reduce expenditure and increase income taking place.
	3	Grounds maintenance - vehicle hire	(10,000)	(10,000)	(10,000)	More efficient use of fleet/less breakdowns. Ongoing efficiency variance.
	3	Grounds maintenance - waste disposal	(6,200)	(10,000)	(10,000)	Savings arising from change in contractor and revised disposal arrangements.
	3	Vehicles - repair & maintenance	(24,400)	(36,000)	(40,000)	As reported within 2009/10 revenue closedown. Unplanned maintenance savings partly due to extended warranties.
	5	Vehicles - fuel	+6,000	+24,000	+0	The budget was based upon a price of 95p per litre and the average price in the 1st qtr is 99.47p per litre. Projected variance based on price staying constant at existing levels.
	2	Trade Refuse - income & disposal costs	+17,900	+17,900	+0	Current income shortfall of £32k expected offset by reduction in waste disposal and landfill tax charges.
	4	Co-mingling	+0	+22,400	+0	Late delivery of vehicles resulting in 7 week delay in optimising delivery system.
	4	Food waste collection	+0	(30,500)	+0	Lancashire County Council unable to receive Food Waste until mid October at the earliest. 10 week delay.
	3	Highways - vehicle hire	+0	(20,000)	(20,000)	More efficient use of fleet/less breakdowns. Ongoing efficiency variance.
	5	Highways - income	+0	(23,600)	(24,000)	4.4% increase received on Schedule of Rates from LHP as opposed to budgeted 2.0% within 2009/10. Ongoing, to be built into revised budget.

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VARIANCES REPORTED THROUGH PRT PROCESS (SERVICE HEAD COMMENTS)						
Property Services	1	CCTV Hire of equipment	(9,500)	(9,500)	+0	Revised contract agreed. Full payment made reflecting costs in previous year. One off saving expected of £9,500.
	2	Commercial Properties - Rent	+43,100	+51,000	?	Reduced rent level and lower occupancy.
	5	Off-Street Car Parks - Electricity	(7,000)	(8,000)	(8,000)	New electricity contract in place with N-Power. Flexible buying with anticipated savings at this stage.
	6	Off-Street Car Parks - Rates	+55,900	+19,600	+19,700	New 5 year rateable values with appeals being considered.
	6	Off-Street Car Parks - Fees	(4,300)	+15,000	+0	Income below target in Q1 and VAT will affect net income in Q4.
	2	Off-Street Car Parks - Permits	+4,800	+16,400	+0	Reduced permit sales - Public 16%, Staff/Members 7%
	5	Municipal Buildings - Gas & Electricity	(28,900)	(50,800)	(50,000)	At PRT QRT 1 the Flexible contract with BG & NPOWER is likely to produce savings comparable with 2009/10.
	5	Lancaster Bus Station - Service charge	+0	(16,100)	(16,000)	Budget error relating to income from CC(D)S in relation to public conveniences.
	5	Lancaster Market Rates	(17,900)	(17,900)	(18,000)	Budget set too high.
	6	Lancaster Town Hall - Rates	+9,500	+9,500	+9,500	Revaluation resulting in additional rates charges.
Health & Strategic Housing	6	Strategic Housing - admin charges	+5,000	+30,500	+30,500	Reduction in charges due to less Disabled Facilities Grants work commenced as a result of lower allocation.
	5	Environmental Protection - fee income	+0	+9,000	+9,000	A change in statutory approach to fees and charges as the introduction of risk-rated charging scheme is implemented will have the effect of reducing total charges due.
Community Engagement	1	Promenade Management - Rents	+7,700	(13,500)	+0	Additional income from fun fair expected during summer season.
	6	Salt Ayre Sports Centre - Rates	+22,600	+22,600	+23,000	Rates re-evaluation and bill increased by approx. 16%.
	5	Dome - residual costs	+15,300	+25,000	+0	Residual costs relating to pumping station and alarm system.
Regeneration & Policy	6	Development Control - legal fees	+5,100	+15,000	+0	Costs awarded against the council on appeal following planning permission being refused by Planning Committee against officer recommendations.
	4	Regeneration Team - external funding	+15,700	+83,500	+84,900	External funding bodies such as NWDA are no longer providing operational funding for partner organisations. As a result additional funding from other bodies will need to be identified as a matter of urgency to bridge the funding gap.
TOTAL VARIANCES			+74,200	+169,100	+110,000	

VARIANCES NOT REPORTED THROUGH PRT PROCESS						
Property Services	2	Concessionary Travel Expenses	(53,000)	(212,500)	(200,000)	Information provided by Lancashire County Council was not received until after the Property Services PRT report had been prepared. Based on current projections there will be an underspend of circa £212K for the year (£345K underspend in 2009/10).
Community Engagement	2	Projects Team - External Funding	+0	+165,600	+172,100	External funding bodies such as NWDA are no longer providing operational funding for partner organisations. As a result additional funding from other bodies will need to be identified as a matter of urgency to bridge the funding gap.
TOTAL VARIANCES			(53,000)	(46,900)	(27,900)	

OVERALL VARIANCES	+21,200	+122,200	+82,100
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