

APPENDIX A

SUMMARY OF GENERAL FUND MAJOR VARIANCES (Qtr 1 2011/12)

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

FACTORS INFLUENCING VARIANCES	Variance to Date £	Current Year Projection £	Future Years Projection £
1. Unforeseeable windfalls or costs	(94,900)	(92,000)	+30,000
2. Demand led variances	+196,500	+147,400	+102,900
3. Efficiency savings	+0	(5,000)	(5,000)
4. Other service driven variances (incl delays)	+48,000	+110,000	+110,000
5. Budget setting issues/errors	+25,600	(44,500)	(23,000)
6. Other variances	+20,400	(52,500)	(78,000)
TOTAL VARIANCES	+195,600	+63,400	+136,900

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)						
Community Engagement	5	Salt Ayre NNDR (Rates)	+17,300	+17,300	+20,000	Uncontrollable increase due to revaluation last year. Transitional relief applied of which 2011/12 is the last year.
	2	Salt Ayre Studio	+4,500	+20,000	+20,000	Unachievable income target in relation to fitness activity classes in a highly competitive market. Note - Reflexions (Gym) income is on target at this stage. Adjustments to be dealt with at revised budget process.
	5	Salt Ayre - VAT	+0	+12,000	+12,000	Error in way VAT was charged on debtors accounts in previous years. Issue now resolved but will lead to an estimated £12000 loss in income across the Centre this year. Issue will be monitored and reviewed as the year progresses.
	6	Williamson Park - Water Services (Surface Water Drainage)	+0	+15,600	+16,000	Uncontrollable overspend due to change in way United Utilities invoices for surface water/drainage at the park. This is a revised figure based on a successful appeal.
	6	Lancaster VIC	+500	+10,500	+11,000	Rent and service charges (SC) from SCIC to increase following recent recalculation . Breakdown of SC requested from SCIC
Environmental Services	6	Public Conveniences - Demolition	+12,500	+0	+0	Carry forward request submitted in respect of £8k of works; any further overspend will be met from savings to existing budgets.
	2	Waste Collection - Contracted Services	(6,800)	(10,000)	(10,000)	Low absence levels have resulted in reduced need for agency staff to provide short term cover.
	2	Waste Collection - Plastic Refuse Sacks	(5,600)	(10,000)	(10,000)	Increased controls over issue have been introduced resulting in decreased demand
	2	Waste Collection - Replacement Bins & Boxes	+15,000	+0	+60,000	It is estimated that this budget will be overspent by £60k should the carry forward request not be approved. By not introducing a charging mechanism a system to ration demand is difficult.
	2	Trade Refuse	+13,000	+51,000	+51,000	Trade Refuse Charges were increased by an average of 7.3% but year on year the 1st qtr income is down £26k. This position reflects the decline identified in PRT 3 & 4 of 2010-11 and added to by the decline in the income from the University contract which is down 30% in the 1st 2 months of 2011-12.
	4	Highways	+48,000	+110,000	+110,000	The highways contract with County has now ended and ongoing discussions are taking place as to the future delivery of service. Since 1st April, the nature of the work has changed and it is now almost entirely urgent work resulting from Capita inspections. This work is paid on a similar basis to "cost-plus" and it does not generate the financial returns that we were reporting with schedule of rates work. The budget includes a surplus of £200k from highways work and latest projections indicate this isn't likely to be achieved but it should be noted that the service is still expected to contribute significantly to the General Fund.
Financial Services	3	Banking / bill payment Charges	+0	(5,000)	(5,000)	Achieving PCIDSS compliance will enable reductions in charges to be achieved.
	6	Investment Interest - Recovery of Icelandic Investments	(19,000)	(105,000)	(105,000)	The current estimate assumed that a settlement would be reached by the end of June 2011, however it is now likely to be that the court decision on creditor status will be later. The savings assume that priority status will be retained.
	1	Recovery of legal costs (from issuing summonses for non-payment of council tax or business rates).	+0	+45,000	+45,000	Provisional figure only, following last year's outcome. More analysis will be undertaken over the summer. Recent increases in charges and changes in payment patterns have reduced summonses, but importantly actual collection rates have been maintained or increased slightly.

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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)						
Governance Services	1	Members Special Responsibility Allowances	(8,400)	(19,000)	(15,000)	Savings on 2 Cabinet places unfilled together with part of opposition leaders' SRA and savings on changeover.
	1	Elections	(50,000)	(50,000)	+0	Estimated savings made due to the sharing of some of the election costs with the Alternative Vote Referendum - the go ahead of which wasn't known at the time of setting the budget.
Health & Housing	2	Cemeteries - General - Income	+17,800	+0	+0	Lower than anticipated sale of grave spaces and Internment fees. However, last years outturn was higher than anticipated.
	5	Strategic Housing Mgt & Admin - Management Fee	+0	(12,200)	+0	Management fee from Home Improvement Agency not included in estimates as confirmation of grant had not been received.
	5	Strategic Housing Mgt & Admin - Administration Charges	(3,900)	(73,800)	(70,000)	Administration charge not included in budget as confirmation of DFG grant had not been received.
Property Services	2	7, Cheapside, Lancaster - Rent & Rates	+35,200	+43,900	+0	Vacant property. In discussions to let property this Financial year. Part year rates will be reimbursed via service charges income.
	2	CityLab - rent and service charge recharges	+17,000	+0	+0	Major tenant has moved out of the building. Reduction in income at the estimated level will result in an outturn deficit of £18.3k rather than the budgeted surplus of £30.6k, but £18.3k will be taken from the separate Reserve at outturn, to offset impact on revenue budget..
	2	Covered Yard - rent	(8,700)	(8,100)	(8,100)	New tenants have rented two units.
	1	Palatine Hall - rates	(5,000)	(5,000)	+0	Refund from 10/11 following county occupation.
	6	Car Parks rates	+26,400	+26,400	?	New RVs and appeals being considered that might lead to refunds if successful.
	2	Car Parks Fees	(18,300)	?	?	April and May income on target but below target in June. Projected variance for full year is extremely difficult to predict at this stage in the year.
	2	Car Parks Permits	+81,800	+67,600	?	Further reduced permit sales - 23% on public permits and 8% on staff and Members. Uptake on Partner Permits well below estimated figure.
	2	Energy Performance Certificates	(6,800)	(7,000)	+0	Reduced cost of and demand for certificates.
	2	St Leonard's House - rent	+0	?	?	A major tenant has unexpectedly left the building which will impact on the rental income for the year and future years.
	5	National non-domestic rates - for all properties other than identified above	+12,200	+12,200	+15,000	Uncontrollable increase due to revaluation in 2010/11. Transitional relief applied of which 2011/12 is the last year.
	1	Property Services mgt & admin - income general	(5,500)	(3,000)	+0	Increased income from land transactions.
	1	Concessionary Travel - Community Transport	(26,000)	(60,000)	+0	Since budgets were set County have made the decision to take over Community Transport from 1st July and introduce a system of fares. Based on 2010/11 monthly charges and taking into account a 2010/11 creditor adjustment the final variance could be approximately £55k-£60k.
6	Electricity & Gas - all budgets	?	?	?	Reduced cost identified in Q1 but analysis to be undertaken during Q2 reflecting potentially large increase in unit costs due in the autumn to identify whether or not there will be a saving at year end. Some areas over-accrued for final quarter last year which will partially offset any increases.	
Regeneration & Policy	2	Planning Application Fee Income	+22,000	+0	+0	Uncontrollable. Anticipated fee income dependant upon receipt of major schemes, one of which was Centros (previously anticipated to be by Spring 11 - not achieved). Full year budget achievable only if anticipated large schemes come forward.
	2	Building Control Application Fee Income	+36,400	+0	+0	Sustained competition from Private Sector Approved Inspectors - improved marketing over remainder of year should assist recovery.
TOTAL VARIANCES			+195,600	+63,400	+136,900	

VARIANCES <u>NOT</u> REPORTED THROUGH PRT PROCESS						
TOTAL VARIANCES			+0	+0	+0	
OVERALL VARIANCES			+195,600	+63,400	+136,900	