

SUMMARY OF GENERAL FUND MAJOR VARIANCES (Qtr 2 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	(115,000)	(154,600)	(19,000)
2. Demand led variances	+93,100	+788,800	+620,700
3. Efficiency savings	(40,500)	(108,800)	(55,000)
4. Other service driven variances (incl delays)	+128,000	+130,000	+130,000
5. Budget setting issues/errors	(78,400)	(99,200)	+4,500
6. Other variances	+8,100	(116,400)	(56,100)
TOTAL VARIANCES	(4,700)	+439,800	+625,100

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)						
Community Engagement	5	Lancaster VIC - service charge	+300	+18,500	+0	Back charges to 2009/10 plus increase to 2011/12 from SCIC
	5	Salt Ayre - NNDR	+17,300	+17,300	+17,300	Uncontrollable increase due to revaluation.
	2	Salt Ayre - Studio income	+4,200	+20,000	+20,000	Income target not achieved for fitness activity classes - highly competitive market.
	2	Salt Ayre - Synthetic Pitch	+7,500	+11,700	+12,000	Increased local competition from new pitches at College and Globe Arena, also 1 month loss of income due to refurbishment. Promotion underway to promote this facility.
	3	Salt Ayre - Energy Costs	(26,600)	(43,800)	(45,000)	Expected savings to be achieved against energy spend as a result of prudent energy management. Projected saving based on usage and current tariffs.
	6	Williamson Park - Water Services	+22,400	+22,900	+22,900	Uncontrollable overspend due to new charge for surface water / drainage at the Park.
	1	Non Resort Parks - income	(5,500)	(5,500)	+0	Additional income from Circus / Fairground bookings at Ryelands Park
	1	Promenade - Income	(14,300)	(14,300)	+0	Additional income from funfair at Dome Arena
	1	Carnforth Pool - income	+11,500	(10,000)	(10,000)	Additional income expected from increased private hires and swimming lessons.
Environmental Services	2	Trade Refuse	+57,000	+66,000	+66,000	Trade Refuse Charges were increased by an average of 7.3% but year on year the 2nd qtr income is down £66k. This position reflects the decline identified in PRT 3 & 4 of 2010-11. This is partial offset by a saving on disposal costs of £9k. However, it should be noted that it is estimated that Trade Refuse will still contribute £100K to general fund this year.
	2	Waste Collection - Plastic Sacks	(9,000)	(10,000)	(10,000)	Increased controls over issue have been introduced resulting in decreased demand.
	4	Highways	+109,000	+130,000	+130,000	The nature of the work that has been given by the County has changed. 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. Therefore, we are assuming that Highway works now and in the future will no longer make any contribution to the general fund. They will, however, continue to make a significant contribution to service and corporate overhead cost so the business case for delivering the service is still sound.

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VARIANCES REPORTED THROUGH PRT PROCESS (SERVICE HEAD COMMENTS)						
Financial Services	6	Investment Income	(40,000)	(60,000)	+0	Investment interest is currently up on the profiled budget, mainly due to Icelandic investments. Future years' impact not yet assessed.
	6	Capital Financing Costs	+0	(105,000)	(105,000)	Whilst this is by no means certain, current creditor status for Icelandic investments indicates that other associated savings should be achievable (as losses would be significantly lower than currently budgeted).
	4	Service Staffing & Administration costs (incl audit fees)	+19,000	+0	+0	Upgrading of financial systems will result in additional costs in this year and next, but these will be met from virements from other Mgmt and Admin budgets. The changes will allow other efficiency savings to be gained in future years.
	3	Revenues & Benefits Shared Service	+0	(50,000)	+0	Based on latest budget review; provisional only at this stage. Future years' savings potential will depend on what resources are needed to prepare for implementation of any welfare reforms.
	2	Recovery of legal costs (from issuing summonses for non-payment of council tax or business rates)	+0	+60,000	+60,000	Provisional figure. Recent increases in charges and changes in payment patterns have reduced summonses, but importantly collection performance is on track.
Governance Services	2	Search Fees	(14,000)	(15,000)	(15,000)	Increase in number of requests for full searches
	3	Legal Books & Periodicals	(4,600)	(10,000)	(10,000)	Review carried out of current requirements
	1	Member Special Responsibility Allowances	(13,400)	(19,000)	(19,000)	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. Actual saving to be built into Revised budget once final claim submitted.
Health & Housing	2	Cemeteries - General - Income	+3,300	+7,000	+0	An increase in public burials as those deceased are dying without family and friends to tend for the arrangements of the funeral, the council is under statutory duty to perform the burial. The costs are eventually offset against the deceased estate, but the amount receivable may not cover the cost of burial.
	2	Cemeteries - Internment Fees	+7,900 ?		+0	Lower than anticipated sale of grave spaces and Internment fees.
	5	Strategic Housing Mgt & Admin - Management Fee	+0	(12,200)	+0	Management fee for Home Improvement Agency not included in estimates as confirmation of grant had not been received.
	5	Strategic Housing Mgt & Admin - Administration Charges	(16,000)	(60,000)	(60,000)	Administration charge not included in budget as confirmation of DFG grant had not been received.

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VARIANCES REPORTED THROUGH PRT PROCESS (SERVICE HEAD COMMENTS)						
Property Services	2	7, Cheapside, Lancaster - Rent & Rates	+42,700	+57,700	?	Vacant property. In discussions to let property this Financial year. Part year rates could be reimbursed but uncertain at this stage.
	2	St Leonard's House - rent	+17,500	+82,600	+85,000	A major tenant has unexpectedly left the building which will impact on the rental income for the year and future years.
	1	Energy Performance Certificates	(11,000)	+10,000	+10,000	Reduced cost of and demand for certificates.
	6	Electricity & Gas - all budgets	?	?	?	Reduced cost identified in Q1 - Awaiting forecast from energy suppliers (estimated at this stage to be 25% above 2010/11 prices). A full analysis to be undertaken during Q3 reflecting potentially large increase in unit costs due in the autumn to identify.
	1	Concessionary Travel - Community Transport	(32,300)	(65,800)	+0	Waiting for final figure from Lancashire County Council - remaining budget will be removed as part of revised budget.
	2	Lancaster Market rates	+5,300	+6,000	+6,000	Increased rates resulting from traders leaving market.
	2	Lancaster Market Rents market stalls	+8,500	+48,000	+50,000	Reduction due to traders leaving market.
	2	Lancaster Market Service charge income	+3,900	+34,000	+35,000	Reduction due to traders leaving market.
	2	Municipal Buildings - hire of premises	(8,100)	(6,100)	(6,100)	Increased demand of room hire.
	2	Lancaster Town Hall - Rents General	(3,600)	(7,200)	(7,200)	HMRC rental income.
	3	Car Parks - Electricity	(9,300)	(5,000)	+0	Potential savings despite anticipated increases but an updated inventory for unmetered supplies could impact on Q3 and Q4.
	6	Car Parks - Rates	+25,700	+25,700	+26,000	Uncontrollable increase due to revaluation in 2010/11.
	5	Car Parks - Parksafes Contribution	+0	(7,800)	(7,800)	Contribution no longer payable from November 2011 as agreed with Parksafes .
	2	Car Parks - Cash Collection Expenses	(800)	+5,500	+5,000	Increased number of collections due to increased cash volumes.
	2	Car Parks - Evening Charges	(12,800)	(12,000)	(12,000)	Improved evening car parking income.
	2	Car Parks - Fees	(2,100)	+86,000	+85,000	Income has been slightly below target every month although June was 11% below target. Full year projection allows for bad weather as experienced in last 2 years.
2	Car Parks - Permits	(89,500)	+67,600	+65,000	Reduced permit sales and Partner Permits as reported at Q1. Potential for further reductions in Q3 and Q4 if more corporate customers cancel their permits.	
2	Car Parks - Fines	(49,200)	+7,000	+7,000	Reduced number of PCNs issued in Q1 and Q2 resulting in less fine income. Further analysis is being undertaken in conjunction with Lancashire Parking Services.	

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Regeneration & Policy	2	Planning application fee income	+40,000	+75,000	+75,000	Reduction in anticipated fees for "major" applications and renewals following changes to planning legislation. Continued reduced application numbers due to current economic climate. Continuing effects of "permitted development" changes has resulted in reduced number of "householder" applications.
	2	Building Reg Application fee income	+75,000	+105,000	+100,000	Continued reduction in fee bearing applications due to private practice competition and economic climate. Current vacancy has not been filled. It is also likely that the balance of fee bearing/non fee bearing will also change as unauthorised works and dangerous structures remain at the same level and staff time available has reduced.
	2	Development Control - consultants	+5,700	+50,000	+0	Cost of WYG and expert witnesses for Public Inquiry into CEP appeal (WYG previously processed the planning application).
	2	Development Control - Planning Legal Costs	+3,700	+50,000	+0	Barrister costs or Public Inquiry into CEP.
	5	Lancaster BID Feasibility Study	(40,000)	(15,000)	+15,000	Part of the spend on this project will slip into 12/13 and budgets will be revised accordingly as part of the budget process.
	5	Morecambe BID Feasibility Study	(40,000)	(40,000)	+40,000	This full study will now slip into 2012/13 and budgets will be revised accordingly as part of the budget process.
		TOTAL VARIANCES	(4,700)	+439,800	+625,100	

VARIANCES <u>NOT</u> REPORTED THROUGH PRT PROCESS						
		TOTAL VARIANCES	+0	+0	+0	
		OVERALL VARIANCES	(4,700)	+439,800	+625,100	