

BUDGET & PERFORMANCE PANEL 16 SEPTEMBER 2008

CONSIDERATION OF 2007/08 BUDGET VARIANCES

SERVICE: ECONOMIC DEVELOPMENT & TOURISM

BUDGET/SERVICE AREA	£ (FAVOURABLE)/ ADVERSE	KEY REASONS/CIRCUMSTANCES	LESSONS & ACTIONS ARISEN
1) CAPITAL SLIPPAGE			
STOREY CIC CAPITAL SLIPPAGE REQUEST	(354,000)	<ul style="list-style-type: none"> This relates to a delayed start in the main capital construction project (due to the relocation of Oxford Archaeology and finalisation of construction contract). The original profile assumed a start in August – actual start was 4th October. The delayed start did not constitute variance in the overall project costs 	<ul style="list-style-type: none"> Slippage of this level is not unusual in a major capital project The project is being implemented in accordance with LAMP procedures and is now progressing well and within budget
CARNFORTH MTI CAPITAL SLIPPAGE REQUEST	(493,000) <i>(Note: Slippage figure should be £195K of which £100K is City Council capital funding and £95K is external NWDA funding.. This will be corrected in the HFS Capital report to Cabinet in October (provisional figure was used in Outturn).</i>	<ul style="list-style-type: none"> This relates to delayed implementation of two key projects within the MTI programme, Carnforth Fire Station and Carnforth Community Centre, and the withdrawal of a third project by Groundwork West Lancashire. As a result NWDA agreed a 6 month extension to the MTI programme, to September 2008. The largest element of this slippage was the Community Centre project 	<ul style="list-style-type: none"> Experience with this and other regeneration programmes, which are typically made up of a number of projects many of which are being delivered by external organisations, shows that it is not unusual for there to be slippage at programme level due to delay in implementation of one or more individual projects. The Economic Development Service has developed robust monitoring arrangements

		<p>which is being delivered by Lancashire County Council and is outside our direct control. The project is now underway and will be completed within the revised target date.</p> <ul style="list-style-type: none"> • These issues were reported in the commentary sections of the PRT reports 	<p>at “programme” level to identify these issues and manage them. In this case prompt action was taken to negotiate a programme extension with NWDA and contingency projects were brought forward to pick up underspend.</p>
2) REVENUE VARIANCE – CONTROLLABLE BUDGETS			
MARKETING & PROMOTION – ADVERTISING	(6,700)	<p>Underspend arose due to two factors:</p> <ul style="list-style-type: none"> • Delay in receipt of the Business Directory from the publishers, pushing distribution costs (£2000) back into 2008/09 • Short term staffing problems led to lack of capacity in the marketing team to deliver some elements of the marketing plan, which have also been deferred to 2008/09 • These issues arose in the final quarter and a carry forward request was made 	<ul style="list-style-type: none"> • A carry forward request in relation to the business directory distribution costs was approved by Cabinet in July • A minor review has been undertaken of marketing responsibilities within the Service to address the staffing issues.
MORECAMBE TIC – INCOME/RENT/MATERIALS	(14,200)	<p>The underspend arises from a number of individual ones within the cost centre, but the three most significant ones are:</p> <ul style="list-style-type: none"> • TIC rent for one quarter was paid in advance in the previous financial year, so there was a one-off saving in 2007/08, which offset a one-off additional cost in 2006/07 • Commission income for ticket sales higher than anticipated and not picked up in part because of some 	<ul style="list-style-type: none"> • General (and where appropriate more specific) financial awareness training sessions for RSO's to be carried out by Financial Services • It has been agreed that RSO's will review holding accounts on a more regular basis and ensure transactions are coded correctly from 2008/09 onwards • There is already a reasonable Service monitoring system in place for materials, which can easily be adjusted to take

		<p>income transactions being incorrectly coded to expenditure headings within the ticket sales holding code</p> <ul style="list-style-type: none"> Materials stock adjustment for 2008/09 carried out at year end were not fully factored into spending decisions for the 2007/08 year 	<p>account of anticipated year end stock adjustments to be used in conjunction with monthly reconciliation to the General Ledger system.</p>
3) REVENUE VARIANCE – NON-CONTROLLABLE BUDGETS			
CARP MTI – ADDITIONAL GRANT INCOME	(12,800)	<ul style="list-style-type: none"> These budget lines reflect variation in the amount of grant claimed against individual external funding programmes for staff engaged in management of these programmes Individual variances have occurred as a result of actual staff time allocations being claimed differently to that originally estimated at the beginning of the year The shortfall in Objective 2 income is offset against additional income claimed for CARP MTI Overall the variance for grant income is not considered significant, i.e. less than £5k when the CARP, SRB, Vision and Objective 2 programmes are combined 	<ul style="list-style-type: none"> Further work is being undertaken between officers in Economic Development and Financial Services to improve the presentation of budgets and monitoring actual activity
OBJECTIVE 2: GRANT INCOME	7,000		