

BUDGET & PERFORMANCE PANEL 16 SEPTEMBER 2008

CONSIDERATION OF 2007/08 BUDGET VARIANCES

SERVICE: PROPERTY SERVICES

BUDGET/SERVICE AREA	£ (FAVOURABLE)/ ADVERSE	KEY REASONS/CIRCUMSTANCES	LESSONS, ACTIONS ARISEN & COMMENTS
REPAIR & MAINTENANCE – BUILDINGS	16,700	<ul style="list-style-type: none"> • At PRT Q4 (understood to be at the end of period 12) the variance was only 3.4% and therefore not highlighted for reporting at PRT. This had been constant throughout the year. • Completion of works orders can be made by the internal contractor without advising Property Services and they can be several weeks into the new year. This does not always happen but when it does can cause the monthly monitoring to be incorrect. • The Council's building stock is in very poor repair often requiring unexpected expenditure that may cause a budget to be overspent. Management of the budget is undertaken throughout the year and orders slowed down if appropriate, but where emergencies occur, the work has to be undertaken 	<ul style="list-style-type: none"> • Consider whether PRT Q4 should be timed to include period 13. • Consider the provision of an interface between the two IT systems to prevent further problems arising. • In the meantime seek confirmation from contractors of the final costs where it differs from estimates • The capital programme includes budgets for work to undertake the outstanding backlog of repairs. Unfortunately capital receipts are not able to fund those budgets leading to a deterioration of the building stock. Ensuring that funding is in place to allow the stock to be put in good condition would reduce the call on the annual revenue budget

<p>LANCASTER MARKET –REDUCED INCOME</p>	<p>22,700</p>	<ul style="list-style-type: none"> • Reduced number of traders as traders leave due to poor trading conditions in Lancaster Market (partly as a result of the cabinet resolution – see opposite) 	<ul style="list-style-type: none"> • Cabinet has resolved to consider the future of the market by subletting or assigning the lease to a single tenant. If ongoing negotiations are brought to a successful conclusion, there should be no impact in future years. However, if the negotiations are not successful, the impact will be a greater deficit in future years.
<p>MUNICIPAL BUILDINGS – NET ENERGY COSTS/INCOME</p>	<p>35,300</p>	<ul style="list-style-type: none"> • Increased income from room hire due to increased demand and improved services • Energy costs rising in accordance with world markets 	<ul style="list-style-type: none"> • Reported at PRT Q1, Q3 & Q4. To be picked up during the 0910 revised budget process • Reported at PRT Q1 & Q4. Unit prices rising beyond the Council's control. Energy consumption actually fell during the year. • Consumption of energy will be monitored throughout the year, but increasing prices make predicting the final effect on the revenue budget very difficult.
<p>CHARTER MARKET – ADVERTISING & MARKET TOLLS</p>	<p>(16,100)</p>	<ul style="list-style-type: none"> • Reduced advertising and increased trader attendance during winter months 	<ul style="list-style-type: none"> • Reported at PRT Q4 and carry forward requested and declined
<p>LANCASTER BUS STATION – RENT/CLEANSING</p>	<p>(22,000)</p>	<ul style="list-style-type: none"> • True variance £30k • Rent income - £17.9K – budget missed • Cleaning - £12.3k – budget too high 	<ul style="list-style-type: none"> • Amend budget at revised time

MAN & ADMIN – ENERGY & PROF SERVICES	(18,600)	<ul style="list-style-type: none"> • £9.3K Energy Conservation Scheme delayed – awaiting feasibility study • Architects fees allocated to Capital Scheme resulting in reduced spend 	<ul style="list-style-type: none"> • Carry Forward requested and declined – project already progressing
OFF-STREET CAR PARKS – REASSESSMENT OF FINE INCOME	22,700	<ul style="list-style-type: none"> • As part of the closedown process the level of outstanding debtors was found to be too high, resulting in prior year adjustments being actioned within the 2007/08 accounts. • The value of the average pcn was significantly lower than its on-street equivalent giving a lower income figure than previously predicted 	<ul style="list-style-type: none"> • The level of debtors held within the accounts is far more realistic which will result in more accurate figures in the future
ON-STREET PAY AND DISPLAY – R&M OF SITES AND SIGNS	(6,400)	<ul style="list-style-type: none"> • Reduced cost of installing pay and display machines provided by Lancashire County Council. 	<ul style="list-style-type: none"> • Revised arrangements for on-street pay and display service level agreement should provide more accurate monitoring information
RESIDENTS ON- STREET PARKING INCOME	(4,700)	<ul style="list-style-type: none"> • Additional income due to increased visitor card and tradesman permit sales 	<ul style="list-style-type: none"> • Partially due to private residential development in Lancaster and is unlikely to be repeated in the current financial year
COMMERCIAL LAND & PROPERTIES INCOME	(18,900)	<ul style="list-style-type: none"> • Additional income is due in part to back rent being charged back to 2005 and 2006 for various properties due to rent reviews. • For a couple of properties the budget for rent is too low • For one property service charge is not applicable 	<ul style="list-style-type: none"> • Property Services and Finance to jointly review the information currently available and the requirements of the Service to monitor this area • Amend budget at revised time • Amend budget at revised time

