



**LANCASTER**  
**CITY COUNCIL**

*Promoting City, Coast & Countryside*

# **Corporate Monitoring**

## **January 2006 - Period 10**

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## 1 INTRODUCTION

This monitoring report of expenditure and income for 2005/06 sets out a corporate picture of the Council's financial performance relating to the period ending January 2006 (*week 43*).

## 2 GENERAL FUND REVENUE MONITORING

### 2.1 General Fund Summary Position

The overall general fund summary position is set out below, and shows that at the end of January there is a current net underspend of **£26,000** on the profiled budget. Taking into account further anticipated variances this underspend could potentially increase to £48,000 by the end of the financial year.

<b>CURRENT VARIANCES</b>	<b>£000</b>
Salaries	-47
Wages	-4
LABGI	+55
Treasury Management	-17
Off Street Car Parks	+42
Refuse Collection	-13
Trade Refuse	-29
Planning Fees	+49
Planning Delivery Grant	-49
Cemeteries	+4
Land Charges	+21
Three Stream Waste Collection	-19
Highways	+12
Other minor variances	-31
<b>Total Variances as at Period 10</b>	<b>-26</b>
<b>FURTHER ANTICIPATED VARIANCES</b>	
Salaries	-33
Land Charges	+9
Trade Refuse	+9
Off Street Car Parks / Car Parking Fees	-7
<b>Sub Total</b>	<b>-22</b>
<b>NET UNDERSPEND PROJECTED FOR YEAR</b>	<b>-48</b>

### 2.2 Major Budget Variances

This section identifies any major variances that are included within expenditure and income areas for which Service Managers are responsible, and that are not covered elsewhere in the report. The areas covered are premises, transport, supplies and services and general income. Not all variances are listed and a certain amount of netting off of minor items has been assumed.

#### **LABGI**

**£ 55,000 adverse**

*The Local Authority Business Growth Incentive grant was anticipated to be £200,000, however the actual amount awarded was only £145,000. Officers have raised a number of queries with the ODPM relating to the assumptions made for allocating the grant.*

**CCS - Trade Refuse** **£ 29,000 favourable**

*Recharge fees from Lancashire County Council are lower than expected. It was anticipated that there would be a 10% increase in Admin Fees, but the actual increase was only 5%. There is likely to be an underspend on this budget of approximately £20,000 by outturn.*

**CCS - Three Stream Waste Collection-  
Recyclable Materials / Recycling Credits** **£ 19,000 favourable**

*This variance is as a result of SITA fees being less than expected. This was only confirmed after revised budgets were set, however the underspend has been partly offset by the reduced recycling credits from LCC.*

**Planning – Fee Income** **£ 49,000 adverse**  
**Planning Delivery Grant** **£49,000 favourable**

*At the end of January, there is a shortfall of £48,791 for planning application fee income. This was not anticipated at the revised estimate stage, however major application numbers have since reduced on those received in the previous year. This will be looked at again more closely as part of Period 11 monitoring to determine the expected final position at outturn. In the meantime, the Head of Planning & Building Control has confirmed that any shortfall in 2005/06 will be met from Planning Delivery Grant (PDG). This will also need to be taken into account when the 2006/07 PDG award is allocated.*

**Health and Strategic Housing –Cemeteries  
R & M Paths and Fences / Internment Fees** **£ 4,000 adverse**

*There is a shortfall in income on Internment Fees of £9,000 the budget is non-controllable and was adjusted at revised but demand is still short on projections. Spend on the budget for Repairs and Maintenance of the Paths and Fences has been deliberately curbed to compensate for the reduced income on Internment Fees. It is expected that a saving of £5,000 on this budget can be used to help offset the £9,000 shortfall in fees.*

**Engineering Services –  
Off Street Car Parks / Car Parking Fees** **£ 42,000 adverse**

*The budget has suffered from a particularly bad month in November when income was down by 10%, and it is anticipated that February will be down by 5.5%. This is partly due to the loss of Charter House Car Park.*

**Legal – Land Charges** **£ 21,000 adverse**

*The slowdown in the housing market is continuing to have an impact on search fees. Despite a significant reduction in the budget at the revised estimate stage, there is still a current shortfall of £21,000. This is anticipated to increase to £30,000 by outturn.*

## 2.3 General Fund Salary Monitoring

The salary monitoring position is set out as follows:

Detail	BUDGET	PROFILE	ACTUAL	DIFFERENCE
	£000	£000	£000	£000
Salaries	10,330	8,573	8,534	-39
Overtime	62	52	48	-4
National Insurance	788	650	647	-3
Superannuation	1,550	1,287	1,276	-11
Employee Related Advertising	43	41	49	+8
Severance Payments	6	1	1	0
Relocation Expenses	3	3	5	+2
<b>Total</b>	<b>12,782</b>	<b>10,607</b>	<b>10,560</b>	<b>-47</b>

The table shows that at the end of January there is an underspend of £47,000 on the salaries budget. **Appendix A** provides a more detailed breakdown of the current position, analysed over Services. Salaries are currently underspending at approximately £11,500 per month, therefore it can reasonably be expected that for the remaining two periods there will be a further £23,000 underspend. Furthermore, the table does not include Statutory Maternity Pay (SMP) adjustments for periods 8 – 10, this is expected to add another £10,000. The total underspend at outturn can be estimated at around £80,000, therefore.

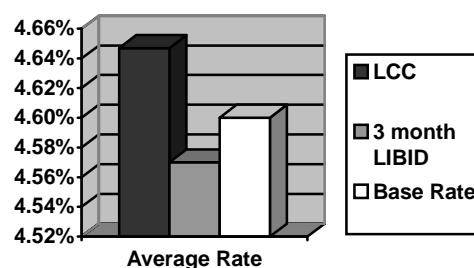
## 2.4 Wages Monitoring

The wages summary statement at **Appendix B** provides an analysis of the miscellaneous weekly manpower costs included in the revenue budget. Wages for certain areas of service, such as Salt Ayre Sports Centre, are included within other relevant sections of this report. Analysis shows that at the end of January, wages overall were underspent by around £4,000 against the profiled budget.

## 2.5 Treasury Management

This section provides a summary position in respect of the lending and borrowing activities undertaken to the end of September:

	Revised Estimate	Profiled Estimate	Actual for Period	Variation
	£000	£000	£000	£000
Income from Investments	-705	-620	-637	-17
PWLB Interest Payable	2,523	1,281	1,281	0
Item 8 Charge to HRA	-897	-747	-747	0
<b>Net Treasury Management Costs</b>	<b>921</b>	<b>-86</b>	<b>-103</b>	<b>-17</b>



Comment

The net Treasury Management position shows a favourable variation of £17K on the profiled budget at the end of January. This is due to better than anticipated overall cashflows, and achieving an average investment rate greater than the Base Rate and the 3 month LIBID rate. Economists do not anticipate a further reduction in rates before April, which is the next most likely date for a move.

## 2.6 CCS & RMS Trading Accounts

The trading positions for Highways and Repairs & Maintenance Services (RMS) are attached at **Appendix C** and show deficits (against profiled estimates) of £11,702 and £7,914 respectively. As RMS form part of Council Housing and they work mostly on maintaining the housing stock, over 83% of the deficit will be transferred to the Housing Revenue Account. Currently this amounts to £6,569. It should be noted that the deficits on the CCS Trading Accounts have been reduced significantly since the production of the previous Corporate Monitoring report in period 6.

## 2.7 Salt Ayre / Community Pools

### SALT AYRE

**Appendix D** provides the latest position for the Salt Ayre Sports Centre. At the end of January, there is a total net underspend of £2,376 compared to the profiled revised budget. Within this variance there is an expenditure increase of £15,034 for wages, reduced expenditure of £14,366 and £16,178 on premises and supplies & services respectively, and reduced income of £10,366. It is expected that the shortfall in income will be offset by a similar underspend on supplies & services as they both relate to the bar & catering function. Premises costs are mainly underspent due to a reduction in the electricity contract negotiated after the Revised Budget was agreed. The reasons for the staff variance are still being investigated by Leisure Services and will be reported back in Period 11, as will an update on the overall revised budget position as compared with the original (controllable budgets were increased by c£45,000 in preparing the revised estimates). In the meantime, the SASC Manager is looking into ways to cut back on casual staff costs for the remainder of this year to reduce the staffing overspend and to identify where any remaining overspend can be met from.

### COMMUNITY POOLS

**Appendix E** provides a summary position for the three pools at Carnforth, Hornby and Heysham. At present, there is net overspend of only £433, but this is expected to increase mainly because of energy costs - the current underspend showing against energy budgets for Heysham Pool is because not all invoices for the period had been received or paid. Each pool is also showing a small overspend on their respective wages budget. Although not a major variance and can probably be met from within the overall budget for the pools, Leisure Services are currently investigating the reasons for this and will report back once the outcome is known.

## 2.8 Building Regulations

This section shows the latest position on the Building Regulation Account.

	Estimate £	Profiled Estimate £	Actual £	Variance £
<b>EXPENDITURE</b>				
Employee Costs	1,100	740	(1,356)	(2,096)
Supplies & Services	500	0	0	0
Support Services	416,000	346,313	345,594	(719)
<b>TOTAL EXPENDITURE</b>	<b>417,600</b>	<b>347,053</b>	<b>344,238</b>	<b>(2,815)</b>
<b>INCOME</b>	<b>(450,300)</b>	<b>(371,856)</b>	<b>(387,011)</b>	<b>(15,155)</b>
<b>NET EXPENDITURE / (INCOME)</b>	<b>(32,700)</b>	<b>(24,803)</b>	<b>(42,773)</b>	<b>(17,970)</b>

The table shows that at the end of Period 10 the account is showing a surplus of £42,773 against a profiled net income position of £24,803. It should be noted that any surpluses or deficits generated on the account will be transferred to the Building Regulations Reserve at the end of each year.

## 2.9 Homelessness

The Council has a statutory duty to provide temporary accommodation for homeless persons. Where this involves the use of Bed and Breakfast accommodation there is an impact on a number of budget areas. Although expenditure on Bed and Breakfast accommodation is partly recovered from Housing Benefit, these benefit payments attract a lower rate of subsidy than other Housing benefit costs.

The table below brings together the total costs of providing Bed and Breakfast accommodation:

	Revised Budget £	Profiled Budget £	Actual £	Variance £
Bed and Breakfast costs	45,000	41,420	32,645	(8,775)
Income - Housing Benefits	(31,500)	(29,056)	(24,804)	4,252
Net Cost of Bed and Breakfast	<b>13,500</b>	<b>12,364</b>	<b>7,841</b>	<b>(4,523)</b>
Irrecoverable Benefit costs	10,500	9,685	8,268	(1,417)
<b>Total General Fund cost</b>	<b>24,000</b>	<b>22,049</b>	<b>16,109</b>	<b>(5,940)</b>

Note: 'Irrecoverable Benefit Costs' variance estimated as a %age of B&B income – awaiting more accurate analysis from Benefits.

## 3 HOUSING REVENUE ACCOUNT (HRA) MONITORING

### 3.1 HRA Revenue Position

At the end of January the position for the Housing Revenue Account shows an underspend of £40,000 as set out in the table below.

	Variation
	£000
Rent - Dwellings	-50
BMS Deficit	+7
Court Costs Awarded	+11
Anti-Social Behaviour	-8
<b>Total</b>	<b>-40</b>

### 3.2 Council House Rent Collection

This section analyses the Council Housing rent income due, and shows at present the income collected is some £50,157 more than estimated. This is largely attributable to slow down in sales and better performance of voids.

	2005/06
Estimate	£7,934,000
Actual	£7,984,157
<b>Difference</b>	<b>-£50,157</b>

### 3.3 Council Housing Capital Programme

This section analyses expenditure against the Council Housing Capital Programme to the period ended January 2006.

	Latest Approved Programme £	Spend to Date £
Adaptations	360,000	166,009
Conversions	75,000	0
Bathroom / Kitchen Refurbishment	588,000	179,466
External Refurbishment	158,500	11,800
Ryelands Regeneration	1,906,200	841,932
Environmental / Crime Prevention Works	594,300	155,811
Re-rendering / External Refurbishment	1,061,400	743,175
Housing Office Improvements	146,000	8,740
Energy Efficiency Works	377,000	121,015
Re-roofing Works	12,500	28,890
Window Renewals	12,000	0
CCTV Camera Ryelands Estate	25,000	0
<b>TOTAL</b>	<b>5,314,900</b>	<b>2,256,838</b>

To date, approximately 42% of the approved programme has been spent, leaving a balance of £3,058,062 for the remainder of the year. A report was presented to Cabinet in December, which set out the expenditure and income profiles and allocation of works up to 31 March 2006. An anticipated slippage of £471,000 into 2006/07, estimated savings for the year of £195,000 and estimated retention of £73,000 was reported, this would result in an estimated spend for 2005/06 of £4,576,000.

## 4 REVENUE COLLECTION PERFORMANCE

### 4.1 Council Tax & Business Rates

This section analyses the Council Tax and Business Rate collection statistics for the current and previous financial years.

Percentage Collected	2004/05 %	2005/06 %
Council Tax	93.81	93.98
Business Rates	97.91	98.47

#### Comment

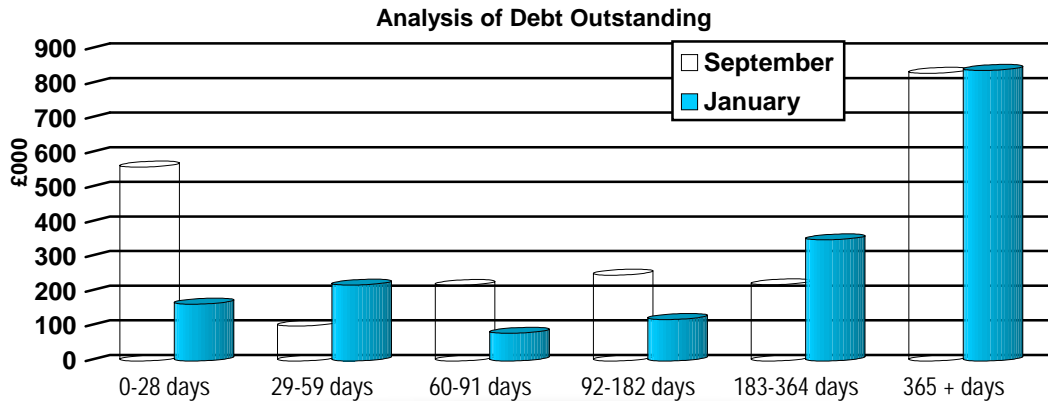
Collection performance statistics for both Council Tax and Business Rates are up slightly on the previous year.

### 4.2 Sundry Debts

This section sets out the latest position on the level of outstanding sundry debts. At the end of January the total debt outstanding was £1,772,000. A full analysis of the debt is attached at **Appendix F**.



	September		January	
	No	£000	No.	£000
0-28 days	781	<b>560</b>	558	<b>164</b>
28-59 days	365	<b>101</b>	414	<b>219</b>
59-91 days	334	<b>218</b>	332	<b>80</b>
92-182 days	1,008	<b>248</b>	586	<b>120</b>
183-364 days	643	<b>220</b>	1,115	<b>350</b>
365+ days	1,996	<b>831</b>	1,923	<b>839</b>
	5,127	<b>2,178</b>	4,928	<b>1,772</b>



The above analysis shows that the overall level of debt has reduced by £406,000 from the previous monitoring report in September 2005. Of the overall debt 47% is over one year old.

## 5 GENERAL FUND CAPITAL PROGRAMME

### 5.1 Capital Expenditure & Financing

#### Capital Expenditure

Attached at **Appendix G** is a statement showing the actual spend against the Revised Capital Programme.

At present, £8,468,000 has been spent or committed leaving a balance of just under £8M yet to be spent. This position reflects the delays experienced in gaining all partners' agreement on the Luneside East project, as an example.

As part of the current budget process, officers have reviewed all schemes, relevant funding and anticipated completion dates. The Appendix reflects the slippage from 2005/06 into 2006/07.

## 6 INSURANCE

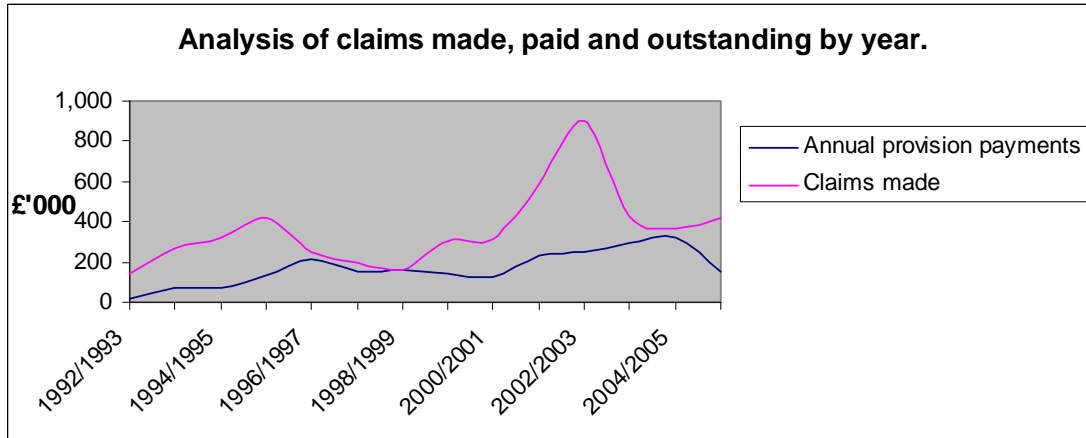
### 6.1 Insurance Monitoring

#### Monitoring

So far this year, a total of £153,015 has been paid in settlement of claims made, and £58,657 has been received as credits from the Insurers in respect of claims above the excess, leaving a current balance of £667,204.

At present, our insurers estimate that the value of claims outstanding is £912,558, which relate to a total of 309 claims made over a 10-year period. However, in reality, these claims will not fall due for payment all in the same financial year.

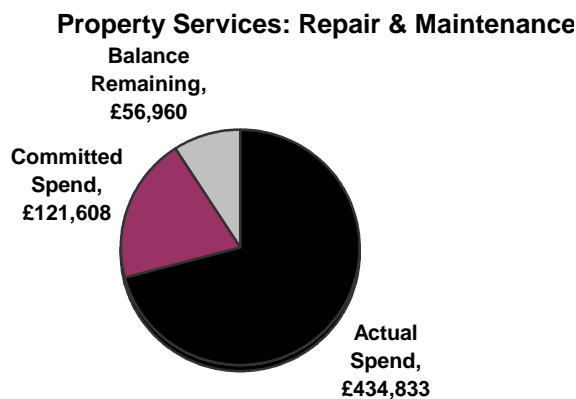
The graph below shows that the value of claims settled has been rising in line with the claims made and has remained at its highest level for the last two last years. For 2005/06 it is anticipated that claims paid will continue to exceed £300,000, which is covered by the current balance on the provision and will still, hopefully, leave it at a prudent level at the year end. The uncertain nature of insurance claims payments, however, means that accurate predictions are difficult and, as such, the balance will continue to be closely monitored.



## 7 OTHER DEVELOPMENTS

### PROPERTY SERVICES: REPAIR AND MAINTENANCE

This section had previously been removed from the Corporate Monitoring report as the scheduling of works and spend had improved. However, due to resource problems spend in this area had fallen behind.



The above pie chart shows that 91% of the budget has now been spent or committed at the end of January. The Head of Property Services has confirmed that expenditure and commitments will continue to be checked and monitored on a weekly basis. Outstanding works will be reviewed to determine the target expenditure for the remainder of the year and it may be necessary to restrict work on certain projects in order to remain within budget.

### OTHER AREAS FOR FUTURE COVERAGE

Future financial monitoring reports will cover Concessionary Travel, Decriminalisation of Parking Enforcement and an overview of Access to Services related developments; this follows on from the Revised Budget position and issues and risks arising during the recent budget process. Members are asked to indicate whether they wish any other specific areas, activities or financial issues to be considered also in future monitoring reports.