

Projected Revenue Budget Variations 2015-16 & 2016-17

Position as at 30th June 2015	Budget 2015-16	Projected Outturn 2015-16	Projected Variance 2015-16	Further Projected Variance 2016-17	Service Managers Explanations
	£	£	£	£	
<u>Variations funded from Council Tax</u>					
<u>All Services</u>					
- Provision for Municipal Mutual Insurance Settlement claw back	0	50,000	50,000	0	<p>Municipal Mutual Insurance Ltd (MMI), the Council's previous insurer, was the predominant insurer of public sector bodies prior to ceasing its underwriting operations in September 1992 having suffered substantial losses. The Council and most of MMI's public sector members elected to participate in a 'Scheme of Arrangements' effectively becoming 'Scheme Creditors', meaning they may have to pay back part of all claims for which they have received settlements since 1993 in the event of the Scheme of Arrangements being triggered.</p> <p>The decision of the Supreme Court on 28 March 2012 on the 'mesothelioma trigger litigation' has placed additional financial pressures on the residual funds of MMI. It also increased the potential for a claw-back on settlements the Council has received from MMI since 1993. On 13 November 2012 the 'Scheme of Arrangements' was triggered. The Scheme provides that following the occurrence of a Trigger Event a Levy may be imposed on all Scheme Creditors. During 2013-14 the Council was required to make a Levy payment of £37,000 representing 15% of the value of total claims payments carried forward at 31 March 2013. No Levy is raised on the first £50,000 of claims payments.</p> <p>Recent communication from the Scheme Administrator has identified the potential for a second Levy. This is as a result of the need to strengthen the provisions for future claims, particularly in relation to mesothelioma and child abuse. Any Levy amount will follow the actual position at 31 March 2016, with collection from Scheme Creditors such as the Council in April 2016.</p> <p>For these reasons it is prudent for the Council to set aside a sum as a provision for any future Levy payments under this scheme.</p>
	0	50,000	50,000	0	
<u>Finance & Governance Services</u>					
Accountancy Services					
- Accountancy services restructure	452,900	462,400	9,500	9,500	The Accountancy Services review identified the need to create a more fit for purpose service that would focus on areas that add value rather than administrative processes. As a result of introducing this new service the savings generated by the review fell slightly short of the target.
Housing Benefits					
- Benefits Staffing	643,400	523,400	-120,000	0	Service carrying staff vacancies at present, planned restructure recently approved by SLT, will establish more robust budget requirements

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Position as at 30th June 2015

- Bad Debt Provision

Budget 2015-16	Projected Outturn 2015-16	Projected Variance 2015-16	Further Projected Variance 2016-17	Service Managers Explanations
£	£	£	£	
100,000	200,000	100,000		0 We are experiencing a reduction in Housing Benefit (HB) expenditure as the government's welfare reform changes impact on the amounts paid to HB recipients. Currently we are forecasting total HB payments for 2015-16 to be around £34.6m against an original budget estimate of £37.9m. This will result in a reduced amount of HB subsidy support being paid to the Council by the government. Therefore this reduction will have very little impact on the Council's base budget position. Unfortunately as a result of the Real Time Information Initiative that compares the records held by the Council to those held by HMRC, the Council has seen a significant increase in the value of identified HB overpayments. Additional overpayments to the value of some £500,000 have resulted as a consequence of this exercise alone. The Council has a bad debts provision of £1.7m for HB overpayments. Currently the value of HB overpayments stands at almost £3.15m (up from £2.8m at 31 March 2015). It would therefore be prudent to transfer a further £200,000 to the bad debts provision, £100,000 more than envisaged in the base budget.
1,196,300	1,185,800	-10,500	9,500	

Contract Services

Waste, Cleansing and Recycling Services

- Trade Waste income

-1,253,400	-1,302,200	-48,800	-48,800	0 New income generation from trade business.
-1,253,400	-1,302,200	-48,800	-48,800	

Housing & Environment Services

Housing

- Housing initiatives officer vacancy

342,000 300,000 -42,000

0 Staff vacancy. Consideration is being given to a minor re-organisation within the Team before filling the vacancy. This would be the full year effect. A carry forward will be requested to enable the contract of the Rural enabling officer to be extended.

- Private rented sector officer / Tenancy Sustainability officer vacancy

60,400 49,400 -11,000

0 Two vacancies have arisen during the first two quarters. One has been filled on a permanent basis and a temporary member of staff has been taken on whilst recruitment takes place for the second post.

- Homeless Hostel Income

-327,400 -409,400 -82,000

-40,000 Westward House operated at near capacity during the first quarter of the financial year meaning that income is higher than anticipated. Budgeted 60% occupancy First two quarters average occupancy 75%. This would be a full year effect. Occupancy levels have been assumed at 67% for 2016-17.

- Land Charges

0 -100,000 -100,000

0 During 2013-14 the Council set up a Land Charges New Burden (Revocation of the Personal Search Fee) Reserve to provide for any future settlement following a national litigation claim against local authorities relating to personal search fee element of the Land Charges Fee. The settlement figure relating to this claim has been fully funded by central government, therefore this resource is no longer required for this purpose and can be returned to the Council's General Fund.

75,000	-160,000	-235,000	-40,000
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<u>Planning Services</u>					
Development Management					
- Staffing	1,273,300	1,253,300	-20,000	198,300	Vacant posts will soon be filled. Underspend will be required to pay for advertising of the vacant posts, temporary staffing measures and the purchase of Exacom, a Community Infrastructure Levy management system. £39,000 to fund newly approved market premium allowances. Approved carry forward of £47,300 from 2014-15 included in budgeted £1,273,300. 2016-17 Approved growth in staffing budgets, to be funded from increased income.
- Advertising	52,000	114,000	62,000	0	Advertising is now being charged at the correct rate and a discount of 10% has been applied. Further work is to be undertaken to redesign adverts to reduce their cost. A virement is to be completed in relation to the appeal costs and recovery of the overcharged advertising costs will enable the budget to be balanced at year end. However given the nature of the applications received and the need to advertise a greater number of applications in the local press, it is likely that before year end further funds will need to be identified from other underspends or income.
- Planning Application income	-989,600	-1,125,700	-136,100	-170,000	The rise in the number of Major planning applications submitted in 2015/16 has lead to a significant increase in income. Major applications workload forecasting is being carried out to assess whether this trend is likely to continue in the short/medium term.
Building Control					
- Building Control Income	-451,300	-431,000	20,300	0	As per September Projected income monitoring, income is down by only £5,767 at the end of September. Income is subject to monthly variation which is allowed for in the projection. And will be kept under close scrutiny.
	-115,600	-189,400	-73,800	28,300	
<u>Business Improvement Services</u>					
ICT, Public Relations & Human Resources					
- IT Manager	0	64,000	64,000	0	ICT Manager post addition to the establishment. Currently reviewing ICT Structure
Customer Service Centre					
- Staff vacancy	441,200	431,200	-10,000	0	Vacancies within Customer Service Centre, post now appointed
Building & Facilities					
- Building Surveyor Vacancy	231,000	223,000	-8,000	0	Building Surveyor Post vacant from April to July 2015
	672,200	718,200	46,000	0	

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Commercial Services					
Museums & TICs					
- Novium Staffing	290,200	248,400	-41,800		0 Turnover of a number of key staff. Recruitment in progress.
- Novium trading account income	-67,300	-42,200	25,100		0 lower than anticipated sales, staff turnover relating to front of house. recruitment of new retail/front of house officerr
- Chichester TIC Trading Account	-54,500	-34,500	20,000		0 Key staff vacancy- lower than anticipated sales recruitment of new retail/front of house officerr
Leisure Centres					
- Westgate cafe sales	-262,300	-222,300	40,000		0 First half year underspend.The cafe conducted a 'route and branch' review of the menu at Westgate. This included changes to the food offered, how it was advertised and the pricing structure. This should lead to increased financial performance in the latter half of the year.
- Westgate Chariots Staff	94,400	74,400	-20,000		0 First half of the year underspend.Some staff operating out of Westgate Chichester actually undertake part of their roles at other leisure centres. These costs are now being journalled to the other leisure centre cost centre. In addition, the budgets include a pay award increase which is paid (backdated to April) in October.
- Westgate Premises Staff	246,600	176,600	-70,000		0 First half year underspend. Pay award pending which is due to be paid in October. In addition, some costs budgetted for here, are actually paid elsewhere due to operational changes.
- Westgate Sports Hall Staff	149,200	91,200	-58,000		0 First half year underspend.Pay award pending which is due to be paid in October. In addition, some costs budgetted for here are actually paid elsewhere due to operational changes.
- Westgate Pool Staff	329,300	229,300	-100,000		0 First half year underspend.Pay award pending which is due to be paid in October. In addition, some costs budgetted for here are actually paid elsewhere due to operational changes.
- Grange Centre Cafe Sales	-149,500	-134,500	15,000		0 First half year underspend.As with the cafe at Chichester, the Grange's cafe conducted a 'route and branch' review of the menu which should lead to increased financial performance in the latter half of the year.
Car Parks & CCTV					
- Car Parks income projections	-5,556,300	-5,941,300	-385,000	-385,000	Car Parks profiled monthly income projections
- Car Park Smart Cards income	0	-40,000	-40,000	-40,000	Additional income generated unbudgeted for
Estates					
- Plot 12 Terminus Road income	-28,600	-74,900	-46,300	-46,300	Unbudgeted income from new lettings and renewal of leases. Plot 12 lifespan extended beyond that expected so actual income above budget for the year
- Chichester Market Trading	-140,700	-110,000	30,700	30,700	Licence fee now agreed at £110,000 pa for traders market and boot sale.

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- Midhurst Area office Income	-33,100	-22,100	11,000	0	One office of the three is not let.
- Ridgeway Shopping parade income	-129,600	-159,600	-30,000	-30,000	Lease renewals settled at higher than budgeted rents. 2016/17 budget to reflect adjusted rent settlements
- Hardham Road Shopping Parade	-49,500	-75,500	-26,000	-26,000	Lease renewals settled at higher than budgeted rents. 2016/17 budget to reflect adjusted rent settlements
- Investment Property, Crane Street	0	-151,000	-151,000	-151,000	New Aquisition so not budgeted for.
- Investment property woodruff centre	0	-32,300	-32,300	-32,300	New Aquisition so not budgeted for.
- St James industrial estate Income	-297,500	-316,300	-18,800	0	More units occupied than expected
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	-5,659,200	-6,536,600	-877,400	-679,900	
<u>Community Services</u>					
Health Promotion					
- Maternity Leave salary saving.	76,800	68,800	-8,000	0	Maternity leave salary saving, officer returns in November, so variance only for April - October.
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	76,800	68,800	-8,000	0	
<u>Total variations funded from Council Tax 2015-16</u>	<hr/>	<hr/>	<hr/>	<hr/>	
	-5,007,900	-6,165,400	-1,157,500	-730,900	