

**SIGNIFICANT VARIANCES IN REVENUE OUTTURN FOR 2010/11  
(OVER £10,000) BY SERVICE**

**Community Services**

There is an overspend within the Community Services' service of £185,300 made up as follows:-

**Disabled facilities grants**

In accordance with the requirements of the 2010 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) revenue expenditure funded from capital under statute has been charged direct to the Income and Expenditure Account for the year. These total £186,300 in 2010/11 which are reflected in the management accounts as an overspend. The accounting treatment is such that these entries are funded from capital reserves and capital receipts and are reversed in the Movement in Reserves Statement. There is therefore no effect on the overall council position or the council tax payer for the year.

There are therefore no significant variances in the Community Services operational budgets for 2010/11.

**Wellbeing & Culture**

There is a net underspend within the Wellbeing & Culture service of £202,900 including the following significant variances:-

**leisure@ cheltenham**

There is a net underspend in leisure@ budgets of £86,400, including the following main variances-

There is a net underspend in employee costs of £17,600 due to the management of vacant posts and staff restructuring in the second half of the financial year. A request has been made for £5,000 of this underspend to be carried forward, to cover the backfilling costs associated with planned systems thinking work within leisure @ in 2011/12.

There is a net underspend of £26,300 in premises budgets, including £16,200 in the NNDR budget due to an unexpected refund relating to 2008, an underspend in the utility budgets of £18,000 and an overspend in response maintenance budgets of £6,400 for the year.

There is an underspend of £23,500 in supplies and services budgets, including £25,000 contingency budget which has not been drawn upon, and has been deleted as part of the 2011/12 approved budget. There is also an underspend of £9,200 in the hire of outside services budget, including £5,000 set aside to fund a feasibility study on options for the future provision of new leisure facilities. This feasibility study is expected to be undertaken in 2011/12 and a request has been made to carry the £5,000 budget forward for this purpose.

Leisure@ income has continued to grow and it is pleasing to report that there is an over-achievement of income of £16,400 at the year end. It should be noted that this

is in addition to the £30,000 additional income that was incorporated into the revised budget 2010/11 and original budget 2011/12 due to increased activity at that time.

### **Art Gallery & Museum**

There is a net underspend of £20,500 in the Art Gallery & Museum including a saving of £17,400 in employee costs due to the management of long term sick leave and staff vacancies arising during the latter part of the year.

### **Town Hall**

There is an under spend of £30,500 to report for the Town Hall in 2010/11. Employee costs generated a saving of £16,100 through the management of casual staff at supporting events.

Income generated a surplus of £14,100 against revised income targets for 2010/11. This was mainly due to the success of attracting big star names and having sell out audiences and surplus programme advertising income. A carry forward of £5,000 for a committed promotion brochure in 2011/12 has been agreed by the S151 Officer.

### **Box Office**

There is an under spend of £40,400 to report on the Box Office for 2010/11.

Employee costs have generated a saving of £18,600 due to the freeze on vacant posts put into place in the latter part of the financial year. A small saving of £3,100 was achieved on some supplies and services expenditure.

Income from ticket commission and telephone calls helped achieve a surplus of £18,700 against target as many of the Town Hall events whether held by CBC or by outside agents had surpassed ticket sale expectations.

### **Assistant Chief Executive**

There is a net underspend within the Assistant Chief Executive service of £179,400 including the following significant variances:-

### **Neighbourhood Management Services**

There is an under spend of £14,800 for 2010/11 as some of the grant payments to support community coordination of neighbourhood management meetings will be paid over in instalments during 2011/12. A carry forward request for the full amount has been agreed by the S151 Officer under delegated powers.

### **Cheltenham Strategy Partnership**

There is an under spend of £11,200 to report for 2010/11. £7,200 has been carried forward after agreement by the S151 Officer for commitments in 2011/12 for the children and young people's partnership, to support the Inspiring Families project. A further carry forward of £4,500 for the installation of external LED security lighting at the depot has been approved by the S151 Officer. This project was delayed due to difficulties with initial suppliers, which has resulted in the need to re-source the lamps to another supplier.

### **Community Pride**

There is an under spend of £21,400 which is to be carried forward to 2011/12 for projects which were approved in July 2010. The grant applicants have twelve months to spend their allocation of grant.

### **Business & Economic Development**

There is an under spend of £45,600 which is made up of £35,500 under spend of

LABGI funding for projects which were cancelled or did not go ahead, such as signage at Kingsditch Trading Estate, and £10,100 savings on staff turnover and general supplies and services.

### **Legal Services**

This service, which now operates under a shared service arrangement with Tewkesbury BC, has under spent compared to the revised budget by £10,200 and has been appropriated to an earmarked reserve to cover the restructuring costs in 2011.

### **Former employee dispute**

There is a net credit balance of £25,500 in respect of the dispute with the former managing director. A legal claims provision was made as part of the 2009/10 accounts to cover the estimated settlement of costs awarded in the 2009 court case. This settlement has now been reached and the unused provision of £28,400 has been transferred back to revenue. The net amount of £25,500 has been transferred back to the general reserve, originally used to fund the dispute expenditure.

### **Elections**

There is a net under spend of £10,500 for 2010/11 due to savings in the cost of elections and electoral registration for the year. The under spend has been transferred back into the elections reserve, which will be drawn upon to fund any non-reimbursable costs of the AV Referendum and any unexpected future elections.

### **Democratic and Civic Services**

There is a net under spend of £24,200 in democratic and civic service budgets for the year, made up of £14,100 under spend in members allowances, training and conference fees, an under spend of £8,000 within the DSU with savings made within supplies and services expenditure and £2,100 under spend in various civic expenses and events due to a reduction in expenditure.

### **Human Resources (HR)**

There is an under spend within HR of £11,300 including the following significant variances:-

#### **Human Resources**

There is an under spend on Human Resources of £9,400 mainly from back funding income received under the gifting arrangements of the GO Programme. All of this is requested to be carried forward to 2011/12; it will be used to support the service resilience of the payroll function, which has been highlighted on the Corporate Risk Register as an area of concern.

#### **Health & Safety**

An underspend on training and equipment within Health & Safety has left £1,700 in 2010/11. A carry forward request for £600 will be requested to fund defibrillator training for officers, to ensure the council meets its Health & Safety requirements.

### **Customer Access & Service Transformation (CAST)**

There is a net under spend within Customer Access and Service Transformation (CAST) of £7,200, including the following significant variances:

#### **Housing and council tax benefits**

The cost of rent allowances, rent rebates and council tax benefits paid out is wholly funded by government subsidy. In addition, subsidy is also paid on overpayments made due to changes in claimant's circumstances (i.e. not due to local authority error). The unpredictability of this demand-led service, particularly in the level of overpayments, makes the net cost of this service difficult to estimate.

The final outturn shows a net over spend of £72,200 on rent allowances and £4,500 on Council tax benefits, however rent rebates are under spent by £25,400. Overall the net cost for all three types of benefit was -£157,513, compared to a revised budget of -£208,800, an 'over spend' of £51,300. However, almost all of this over spend results from an additional £50,000 transferred to the bad debts provision to cover potential uncollectible overpayments.

A review was undertaken during the year of the bad debts provision for overpayments, which are recovered either from ongoing benefit or (if the claimant is no longer on benefit), by debtors invoice. Given the increasing level of overpayments and write offs and the uncertainty over how much may be able to be recovered in future from ongoing benefit, it was felt prudent to increase the provision to cover uncollectible debts. The additional contributions increase the provision as a proportion of debt outstanding by 12% (from 30% to 42%). Further increased contributions will need to be sought in future years to increase the provision to a prudent level of 50% or more.

The Benefits administration cost centre was under spent by £9,700, mainly arising from staff turnover since the revised budget was prepared in November 2010.

#### **Council Tax and Business Rates Collection – employee costs**

There is a net under spend of £8,700 on these budgets, again made up mainly from savings arising from staff turnover since the revised budget was prepared in November 2010.

#### **Business Rates – Discretionary Rate Relief**

This £37,100 budget, made up of £12,100 ongoing base budget plus £25,000 one-off for hardship relief carried forward from 2009/10 (from LABGI funds), is under spent by £18,800. Since the spending of the one-off budget is dependant on applicants submitting claims and on these claims meeting the approved criteria, it is not known if and when the remaining budget will be spent. It is recommended therefore that the under spend is not carried forward at this stage but that the cost of any successful claims be funded from the revised budget if and when required.

#### **CAST Management**

Redundancy costs have resulted in an over spend against this budget. This has been offset by an under spend on supplies and services of £4,100 netting the over spend position to £23,500.

#### **Procurement**

This budget is over spent by £3,600 due to additional salary payments, which have been incurred due to additional work commitments and reduced resource capacity in the team arising from maternity and sickness absence.

#### **ICT Infrastructure and Corporate Telecommunications**

There is an under spend in the ICT and ICT infrastructure budgets of £40,800, due mainly to fewer hardware and software purchases, delayed due to resources being diverted to other projects and in ensuring all purchases meet government connect compliance. The under spend is offset by an over spend on the corporate

telecommunications budget of £4,800, due partly to the need for additional telecom lines for business continuity purposes. The under spend on ICT Hardware of £37,000 has been transferred to the ICT renewals and replacement reserve, to fund the hardware and software purchases delayed to 2011/12. The reserve exists to 'smooth out' the cost of hardware and software renewals, so that they do not fall unevenly over financial years.

### **Customer & Support Services**

There is an under spend of £12,400 in customer services budgets, made up as follows:-

There is an under spend of £3,000 across supplies and services budgets, including a saving of £1,000 from reducing the courier service from 5 to 3 collections per week since December 2010.

There is an under spend in employees budgets of £9,400 from savings in Customer & Support Services from staff turnover and maternity leave, including £3,600 in Car Park Income Collection and Custodians overtime and temporary staff budgets.

### **Financial Services**

There is a net underspend within Financial Services of £24,200, made up of the following significant variances:

#### **Financial services division**

There is a net under spend of £21,900 on this cost centre, partly from supplies and services but mainly from income received under the 'gifting arrangements' for the GO Partnership with the balance relating to prudent control of supplies and services. A carry forward request of £11,700 will be made to continue back-filling members of staff that have been seconded to the GO Programme in lieu of the income received from other members of the GO Partnership.

#### **Treasury Management**

There is an under spend of £8,500 on Treasury Management, mainly from a net effect of an over spend on the cost of e-payments totalling £6,700 and an under spend of £12,000 on consultancy and legal fees relating to recovery of the Icelandic bank investments. Further expenditure on the legal costs in respect of Icelandic banks is anticipated in 2011/12, and so a carry forward request will be requested for the £12,000 under spend. The Cabinet approved £50,000 to cover the legal and consultancy costs, of which £12,000 remains unspent.

#### **Gloucestershire Airport**

This cost centre is over spent by a net £6,600 as a result of additional legal costs incurred during 2010/11 due to the delays and complexities of the Runway Safety Project.

### **Business Change**

The Business Change budgets are under spent by a net £108,300 made up of the following significant variances:

#### **Government Connect**

The budget for this in 2010/11 was £49,500, comprising an annual £13,000 (base

budget) plus £36,500 carried forward from 2008/09 and 2009/10. Although work has been continuing on Government Connect, this budget is under spent by £5,800, due to the need to ensure all equipment purchases comply with the new standard. Given the need to continue with this essential work, a carry forward request for £5,800 will be put forward.

### **Working Flexibly**

This budget is under spent by £18,400. It is the intention of the Working Flexibly project to procure a replacement access gateway in 2011/12. The gateway acts as the secure 'door' which customers face before access is given to the Citrix remote access infrastructure. A request will therefore be made to carry forward the full amount of the under spend to support the business change initiative and ensure project delivery.

### **Revenues & Benefits Sourcing Strategy**

The approved operational budget for this initiative is £100,000 of which £33,300 has been spent in the current year. Further work on a potential shared service with one of the GO partners is ongoing with a business case being worked upon, much of which is dependent on the progress of the GO Programme. A request will be made to carry forward the balance of the budget £66,700 to support the work required in developing a future shared service, subject to formal approval from the Senior Leadership Team (SLT).

### **Customer Services Sourcing Strategy**

Systems Thinking work within Customer Services continues, with the balance of £2,500 being requested for use in 2011/12 to complete the works outstanding.

### **ICT Sourcing Strategy**

A budget of £10,000 was allocated for Systems Thinking work within ICT. £500 was spent in delivering this during 2010/11, and the balance of £9,500 will be requested to be carry forward to 2011/12 to continue work in changing business processes in light of the GO Programme.

### **Built Environment**

There is a net overspend within the Built Environment service of £87,400, including the following significant variances:-

#### **Elderly Transport**

There is an overspend of £21,900 on this cost centre as a result of additional payments to Other Operators (excluding Stagecoach) resulting from increased passenger journeys and additional average fares charged during 2010/11.

#### **Car Parking – Off Street**

This cost centre is overspent by £76,900. This is represented by savings of £20,000 on NNDR payments, £20,000 on Equipment purchase and maintenance. Additional costs of £30,000 on security payments at Regent Arcade and £20,000 on public related insurance costs. Net expenditure is therefore overspent by £10,000. Income is under recovered by £66,900 reflecting the continued decline in ticket sales and severe winter weather of 2010/11.

#### **Development Control**

The cost centre is overspent by £32,400. This is represented by savings of £21,700 on legal costs and advertising with an under recovery in income of £54,100. Pre-planning applications have exceeded budget by £13,000, however, planning fee income is under recovered by £67,100.

**Civic Pride**

There has been additional expenditure incurred of £23,200 on this cost centre due to increased expenditure on consultants associated with development schemes within the Civic Pride program. This has been financed by an additional contribution of £23,200 from the Civic Pride reserve.

**Building Control**

This cost centre is under spent by £32,400 represented by a £17,000 under spend on supplies and services of which £8,500 is attributable to Tewkesbury BC. Cheltenham BC have a £15,400 over recovery of fee income.

**Built Environment Overhead A/c**

This cost centre is under spent by £28,000 which is represented by a saving of £20,000 on employee costs, a £10,000 saving on supplies and services on ICT costs and a £2,000 under recovery of income.

**Municipal Offices**

This cost centre is under spent by £16,200 represented by savings on operational maintenance budgets. £5,000 of this under spend is requested to be carried forward to fund the removal of Christmas Lights control boxes from lamp columns in the Promenade.

**Miscellaneous Properties**

There is an overspend of £31,000 on this cost centre. This is represented by a saving of £13,000 on operational maintenance costs. Supplies and Services include £23,000 of capital expenditure reclassified as revenue which has been funded from the capital reserve, £44,000 of additional insurance costs relating to claims against CBC properties and a saving of £4,000 on other costs. Income is over recovered by £19,000 due to additional rental leases.

**Operations**

There is a net underspend within the Operations service of £474,850, including the following significant variances:-

**Public Protection - Pest Control**

There is a net underspend of £10,600 in pest control budgets, made up of £3,000 saving in transport budgets, £2,700 in the seagull protection budget, £3,000 in other supplies and services budgets and £1,700 surplus income on the fees for services budget.

**Refuse Collection**

This cost centre is under spent by £31,500. This is due to additional expenditure on agency labour of £18,000, a saving of £8,000 on transport, a £40,000 saving on residual bins which has been appropriated back to reserves to fund this expenditure in 2011/12 and an £8,000 saving on other supplies costs. Income is under recovered by £6,500.

**Street Cleaning**

There is an overspend on this cost centre of £18,000. Additional expenditure of £32,000 is represented by overtime payments to employees and agency labour costs. Transport expenditure is under spent by £8,000 following slippage in the vehicle replacement program of which £3,000 has been appropriated to reserves to fund vehicle acquisitions in 2011/12. Income is over recovered by £6,000 due to additional receipts from winter snow clearing activities in 2010/11.

**Recycling Centre/CA Site**

This cost centre is under spent by £30,400. £20,000 of this is due to slippage in the annual vehicle replacement program and this underspend has been appropriated to reserves to meet the future costs of vehicle replacements. £10,000 of the under spend is due to slippage in the improvement program to the CA Site infrastructure and this is requested to be carried forward to fund the improvements works to be undertaken in 2011/12.

**Public Conveniences**

There is an under spend on this cost centre of £16,200. This is due to savings on operational maintenance. £15,000 of this under spend is requested to be carried forward to fund the continued operation of the Bath Road toilet facility in 2011/12.

**Environmental Maintenance overhead A/c**

This cost centre is under spent by £11,900. This is represented by a saving of £4,900 on supplies and services on ICT expenditure. Additional income of £7,000 has been generated due to increased rebate payments for Agency Labour. £10,000 of the cost centre underspend is requested to be carried forward into 2011/12 to fund Admin support to support the customer services team based at Swindon Road to deal with customer enquiries relating to the introduction of the new recycling schemes

**Recycling Collection Schemes**

There is an under spend on this cost centre of £125,500. This is represented by a £55,000 overspend on employee costs following the introduction of the new recycling initiatives and a saving of £155,000 on transport costs due to a change in policy regarding the financing on fleet vehicle acquisitions moving from leasing to prudential borrowing. Supplies and services are under spent by £38,000 due to a £6,000 saving on equipment purchases, equipment leases of £10,000, advertising of £6,000 and other £16,000. Income is under recovered by £12,500. Contributions to reserves to fund fleet vehicle and equipment acquisitions in 2011/12 amount to £142,800. £17,000 is requested to be carried forward into 2011/12 to fund bringing forward the full roll-out of the plastic bottle collection scheme across the Borough

**Garden Waste Recycling Scheme**

The under spend on this cost centre is £152,400 in 2010/11. There is an overspend of £24,000 on employee costs and £22,000 on transport costs reflecting the additional costs incurred on rolling out the new garden waste service. Supplies and Services are under spent due to a saving of £20,000 identified in the revised budget for the acquisition of composters, £10,000 for equipment leases and £42,000 for the hire of outside services. The £20,000 underspend is transferred to reserves to fund the purchase of composters in 2011/12 and £45,000 is requested to be carried forward to fund the ongoing delivery of bins and hire of vehicles to support the new Garden Waste recycling scheme. Garden Waste sales are over recovered by £126,400.

**Parks and Gardens**

This cost centre is under spent by £81,300 which is almost wholly attributable to the impairment loss associated with the Montpellier Park Restoration scheme. Further adjustments mean this does not impact on the cost of service delivery. In 2009/10 a revaluation exercise on the council's assets was undertaken which resulted in a significant number of impairments; this included the Montpellier Park Restoration Scheme. However the asset's current depreciated value prior to revaluation was too high resulting in the impairment being overstated in 2009/10. An adjustment has been required in 2010/11 to correct this and ensure the council's balance sheet is



carrying the correct net book value.

**GCC Schools**

There is an underspend on this cost centre of £25,600 due entirely to additional income received following the successful acquisition of further maintenance contracts for additional school sites in 2010/11.

**NPR Environmental Maintenance**

There is an overspend on this cost centre of £14,000 due to a reduction in income following a reduction in extra works orders received.

**Cemetery and Crematorium**

There is an overspend on this cost centre of £43,000. This is attributable to a reduction in income levels for cremations and burials with a marked impact in the month of February 2011.