

**POLICY, FINANCE AND ADMINISTRATION COMMITTEE****2 MARCH 2011****REPORT OF HEAD OF FINANCIAL SERVICES****BUDGET MONITORING APRIL TO DECEMBER 2010****1.0 PURPOSE OF THE REPORT**

- 1.1 To provide information on actual expenditure and income incurred on this Committee's services compared to the latest approved budget for the period 1 April 2010 to 31 December 2010.

**2.0 RECOMMENDATION**

- 2.1 **It is recommended that the financial position on each of this Committee's services to 31 December 2010 be noted.**

**3.0 KEY ISSUES**

- 3.1 As part of the Council's budget monitoring procedures all budget holders are asked on a quarterly basis to provide details of service and financial performance. Copies of the budget holders' returns are available for further information.

**Overall Position**

- 3.2 A summary of income and expenditure for all Council services is attached at Appendix A and detailed below. This information has previously been circulated to Members as part of the Members' Newsletter.

	Approved Budget at Dec 10	April to December Budget	April to December Net Expenditure	Variance Underspend (-)
	£	£	£	£
General Expenses	7,197,400	6,015,366	5,570,866	-444,500
Special Expenses	554,170	438,291	381,081	-57,210
HRA – Total Expenditure	6,453,850	3,640,268	3,549,059	-91,209
HRA – Total Income	6,609,040	4,643,971	4,648,527	-4,556

**Key Service Areas**

- 3.3 The Key Service Areas report at 31<sup>st</sup> January 2011 is attached at Appendix B with the Policy, Finance and Administration service areas highlighted. This report is presented to the Management Team on a monthly basis and highlights the high-risk budgets that were identified as part of the Council's budget protocols. These budgets are reviewed with budget holders monthly. Those budgets which are more complex in nature are supported by more detailed analysis of the service usage that drives the costs.
- 3.4 The report shows that, for those services for which this Committee is responsible, there is a reduction in the amount of income in respect of land charges. This is due to a downturn in the housing market which has resulted in fewer applications to the Council.

- 3.5 The overall position on the Key Service Areas at January 2011 shows a deficit of just over £168k mainly due to the reduction in the level of income in relation to car parks, planning application fees, local plans and land charges. These budgets will be carefully reviewed as the year progresses.
- 3.6 There are also a number of other budget variances identified on the budget action list, including those relating to Key Service Areas above, which are considered by the Council's Strategic Management Team on a monthly basis. As such the overall current predicted position, when taking into account all known variances, shows a net overspend in the region of £30k at the point of writing and after allowing for the £85k surplus carried forward from 2009-10. If savings are not identified elsewhere reserves will have to be drawn on by this amount at the year end based on this latest estimate.
- 3.7 A summary for all of this Committee's services is attached at Appendix C divided between controllable and uncontrollable costs. Uncontrollable costs consist of such areas as support costs, capital financing costs and internal recharges which are outside the control of the budget holder.
- 3.8 A summary of the income and expenditure for this Committee's services compared to the approved budget at December 2010 is as follows:

	Approved Budget at Dec 10	April to Dec Budget	April to Dec Net Expenditure	Variance Underspend (-)
	£	£	£	£
Controllable costs	4,235,720	3,137,376	2,828,408	-308,968
Uncontrollable costs	<u>-2,209,240</u>	<u>-1,644,087</u>	<u>-1,526,683</u>	<u>117,407</u>
General Expenses	2,026,480	1,493,289	1,301,725	-191,561
Special Expenses	<u>8,900</u>	<u>6,675</u>	<u>7,137</u>	<u>462</u>

- 3.9 The above figures for general expenses show an underspend for controllable costs of £308,968; the reasons for which are explained in paragraph 3.10 below. With regard to the overspend on uncontrollable costs this is due to service departments charging other services and reflects time spent on those services in line with proper accounting practices.

#### **Budget Variance Exception Reporting +/- £10k**

- 3.10 As part of the budget monitoring process variances are being promptly and proactively managed facilitating more detailed reporting. Details of the potential 'full year' effect of the more significant variations +/-£10k with regard to this Committee's services are set out below:

#### **Controllable Costs Underspent**

- (a) Administrative Buildings - £130,540

The carry forward budgets for work associated with the sale of Nottingham Road are underspent and may need to be carried forward at the year end when the scheme is able to progress.

- (b) Corporate Repairs and Maintenance - £29,558

Work outstanding/committed at the end of December of £60,000 although some monies will be required as part of the insurance claim there may be a small saving against the approved budget at the end of March.

(c) Corporate & Democratic Core - £19,864

Lower level of subscriptions fees and the professional fees budget not being fully utilised could result in a saving at the year end

(d) Corporate Costs – Finance - £40,915

Audit Fees to be paid later in the year as invoices are received from the external auditors.

(e) Non Distributed Costs - £13,029

Awaiting invoices for early retirement costs from the pension provider.

(f) Chief Executive - £15,168

Savings due to secondment of Performance Officer to Change Team for which a budget reduction has been actioned for part of this sum.

(g) Legal Services - £116,600

Legal professional budget tied up with large projects e.g. sale of Nottingham Road site and may need to be carried forward if scheme(s) are not complete.

(h) Communities - £32,588

Small savings on consumable supplies and income received in respect of Integrated Youth Support Services (£9k) and Small Business Rate Relief (£7k) which may need to be carried forward to support expenditure in 2011-12.

**Controllable Costs Overspent**

(a) Land Charges - £10,222

Reduced income due to fewer applications as a result of a downturn in the housing market.

(b) Miscellaneous Financing Items - £21,317

The savings target of £28,420 agreed by Full Council in February 2010 has not been met.

(c) ICT Services - £68,446

Commitments of £50,000 for new internet lines, which will be moved and not be charged against this budget. There is likely to be an overspend in relation to virtual servers for which approval for up to £20k has been granted and which will be funded from prudential borrowing, if required.

**4.0 POLICY AND CORPORATE IMPLICATIONS**

4.1 Policy and corporate implications were addressed in setting the current year's budget. There are no further policy and corporate implications arising from this report.

## 5.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

5.1 All financial and resource implications have been addressed within paragraph 3.0.

## 6.0 **LEGAL IMPLICATIONS/POWERS**

6.1 Legal implications/powers were addressed in setting the current year's budget. There are no further legal implications arising from this report.

## 7.0 **COMMUNITY SAFETY**

7.1 Community safety issues were addressed in setting the current year's budget. There are no further community safety issues arising from this report.

## 8.0 **EQUALITIES**

8.1 Equalities issues were addressed in setting the current year's budget. There are no further equalities issues arising from this report.

## 9.0 **RISKS**

9.1 The regularity of budget monitoring for each specific budget is based on the level of risk attributed to that budget. This is determined at the start of the financial year and is reported to Members as part of the Council Tax setting report.

## 10.0 **CLIMATE CHANGE**

10.1 Climate change issues were addressed in setting the current year's budget. There are no further climate change issues arising from this report.

## 11.0 **CONSULTATION**

11.1 Budget Holders and the Service Accountant discuss the financial performance of the service accounts at budget monitoring meetings arranged with reference to current budget monitoring protocols.

## 12.0 **WARDS AFFECTED**

12.1 All wards are affected.

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Contact Officer: Robert Child

Date: 10 February 2011

Appendices: Appendix A – Summary of Income & Expenditure – All Committees  
Appendix B – Budget Monitoring - Key Service Areas  
Appendix C – Summary of Income & Expenditure – PFA

Background Papers: Oracle Financial Reports  
Budget Holder Comments on Performance

Reference: X: C'tees, Council & Sub-C'tees/PFA/2-3-11/DG - Budget Monitoring April to December 2011