

RURAL, ECONOMIC & ENVIRONMENTAL AFFAIRS COMMITTEE

6 MARCH 2013

REPORT OF HEAD OF CENTRAL SERVICES

BUDGET MONITORING APRIL TO DECEMBER 2012

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 1st April 2012 to 31st December 2012

2.0 RECOMMENDATION

2.1 **It is recommended that the financial position on each of this Committee's services to 31st December 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 of this Committee's services is attached at Appendix A. This information has previously been circulated to Members as part of the Members' Newsletter.

3.3 A summary of the income and expenditure for this Committee's services compared to the approved budget at December 2012 is as follows:

	Approved Budget @ December 12 £	April to December 12 £	April to December 12 Net Expenditure £	Variance Underspend (-) £
General Expenses	2,523,510	1,941,559	1,909,242	-32,317

3.4 The above figures show an underspend of £32,317 against the budget to-date for general expenses; the reasons being explained in paragraph 3.6 below.

Key Service Areas

3.5 The Key Service Areas report is attached at Appendix B with the REEA 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. The key service areas report for the end of January 2013 for Members information is attached. 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.

Budget Variance Exception Reporting +/- £10k

3.6 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 are also set out below.

3.6.1 Overspends

Building Control £45,811

The income for inspection fees remains below the approved budget due to the economic climate. The shortfall for the year is expected to be around £65,000.

Waste Management £73,720

The recycling market values have fallen significantly. Income received to December 2012 related only to the first quarter of 2012/13; sundry debtor invoices for income for co-mingled waste for the second and third quarter were not raised whilst ongoing discussions were taking place with the contractor. These have been raised in January 2013. There are signs that the market values are improving, however, the improvement is slow and remains below the values being achieved when the budget was set. The anticipated shortfall for the year is currently £19,540. This forecast is based on a number of factors; the average tonnes of co-mingled material processed to date; savings made within the waste budget; the Baxter's inflationary index not being applied to the core contract in 2012/13 due to the renegotiated rate for co-mingled waste; and increased costs associated with the increase of house numbers for collections.

Industrial Estates £26,291

Income is currently below budget partly due to three vacant units at Snow Hill Industrial Estate. The market value for rents for new leases has fallen. There are also two tenants in arrears for more than two quarters rents. Miscoding of two receipts totalling £10,955 has been corrected in January. The expected budget shortfall for the year is £19,000.

3.6.2 Underspends

Cattle Market £10,419

Two receipts for the Industrial Estates have been miscoded to the Cattle Market budget totalling £10,955; this has been corrected in January. The Tavern is underperforming compared to budget and the partners have been asked to advise reasons for this. Income from animal auctions is declining. The partners have advised that there has been a dramatic fall in the value of sheep and the number of sheep traded. There is also a risk that lambs may have disease and therefore buyers are holding off. The estimated year end position is a shortfall in income of £10,000.

Development Control £82,656

The underspend is largely due to an increase in the number of applications received, including some major applications which attract the larger planning fee. Planning application fees also rose by 15% in November 2012 following revised planning application fee regulations. It is estimated that additional income of £45,000 will be achieved.

Local Plans £39,749

Current underspend is mainly due to the profiling of the budget; the majority of expenditure on consultants, legal advice and the programme officer will be incurred during the Core Strategy hearing which will take place from 26th February to 15th

March 2013. Some projects have been delayed until 2013/14 and therefore, not all of the 2012/13 budget will be utilised. The small underspend anticipated will be transferred into the LDF reserve.

Licensing £17,725

The variance shown is due to the timing of income received, i.e. the majority of annual licences are renewed in the first ten months of the financial year. It is anticipated that the total income for the year will not exceed the budgeted income by any significant amount.

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 There are no 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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Date: 31/01/13

Appendices: Appendix A – Summary of Income & Expenditure
Appendix B – Budget Monitoring – Key Services Areas

Background Papers: Oracle Financial Reports
Budget Holder Comments on Performance

Reference: X:/Cttee, Council & Sub Cttees/REEA/2012-13/06-03-12/Budget
Monitoring April to December 2012