

# MELTON ECONOMIC & ENVIRONMENTAL AFFAIRS COMMITTEE

7<sup>TH</sup> March 2018

## REPORT OF DIRECTOR FOR CORPORATE SERVICES

### BUDGET MONITORING APRIL TO DECEMBER 2017

#### 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<sup>st</sup> April 2017 to 31<sup>st</sup> December 2017.

#### 2.0 RECOMMENDATION

- 2.1 It is recommended that the financial position and year end forecast on each of this Committee's services to 31<sup>st</sup> 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 2017 is as follows:

	Approved Budget @ December 17 £	April to December 17 Budget £	April to December 17 Net Expenditure £	Year to Date Variance (Under)/ Over spend £	Year End Forecast £	Year End Variance (Under)/ Over spend £
General Expenses	2,673,370	2,036,578	2,076,907	40,329	2,835,070	161,700

- 3.4 Whilst it is noted that the current year to date variance is a £40,329 overspend, (£182k of which is controllable, currently offset by an underspend of £142k of non controllable costs), it is estimated that there will be a potential year end overspend of £161,700 against the approved budget to date for general expenses. The main reason for the shift in the predicted variances are due to a number of movements which are expected later in the year as explained in paragraph 3.6 below.

#### Key Service Areas

- 3.5 The Key Service Areas report for those services within the remit of the MEEA committee is attached at Appendix B. This report is presented to 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. In order to provide up to date information this Appendix is presented with information to the end of January 2018.

### **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 more significant year end forecast variations +/-£10k (as shown in Appendix A) are also set out below:

#### 3.6.1 Overspends

##### Car Parks and Bus Station £45,910

The budgeted income for car parking fees will not be met; there is a current shortfall of £40k due to the availability of alternative free parking in the town and the increased use of the 20 minute free/20p spaces available at St Mary's Way car park. Additional income of £9k from the leasing of the Thorpe End car park reduces the expected shortfall. There doesn't seem to be any indication of this improving therefore by the year end it is expected that the shortfall on parking fees will be £31k. There is also some overspends within the budget including gritting costs and insurance claim payments. Based on recent figures provided by Harborough District Council it is expected that an additional £10k will be required to cover enforcement costs due to increased pension and national insurance rates, use of agency staff and increased Notice Processing levy by Leicestershire County Council. The overspend on expenditure is anticipated to be £15k, resulting in the net position of a £46k overspend.

##### Cattle Market £94,000

The overspend arises due to income shortfalls in several areas of the market, it is expected that Animal Auctions will have a year end shortfall of £16k, based on £888k of commission received by the market. The budget assumed £1.2m of commission, 2016/17 commission actuals were £902k. Under the new lease the percentage of commission received by the council decreased from 16.5% to 11% for animal auctions, it was assumed the increased commission owing to the new facilities would balance out the percentage commission decrease. Farmer market stalls and units are anticipated to have a shortfall of £19k, assuming turnover of £36k. The budget is based on turnover of £88k, compared to turnover of £35k during 2016/17. Gillstream have advised that the stalls have been affected by the taxable nature of the site, as they are unable to put rents up to recover the additional 20% that they had not originally accounted for. The Tavern will be achieving income £19k lower than budget despite the percentage of turnover increasing from 6% to 7.5% under the new lease. The budget was set using a turnover figure of £445k; however turnover is expected to be £177k. The Tavern is currently out performing 2016/17 when turnover was £153k. There will be a shortfall of £23k on car parking. It was expected that car park income would increase once the phase 1 works were completed but this has not materialised.

Overall the Cattle Market budget is projecting a year end net surplus of £198k compared to the £173k surplus of 2016/17. The 2017/18 net expenditure has been reduced by handing the business rates charges over to Gillstream, which has impacted on the net position.

##### Building Control £54,300

There is a current overspend on salaries of £3k due to the overlap of senior officers of 1 month. It is currently expected that the income will have a shortfall of £51k by the

year end. This projection is based on the current levels of demand continuing. Analysis throughout the year to understand the reduction of income have indicated that the number of fee paying applications is falling (28% less than 2016/17) and the values of the applications has also been lower.

#### Economic Development £17,920

The current expected overspend is due to a £31.5k shortfall of income. due to a mid year decision by the BID to bring the BID managers post back under the BID's remit rather than remaining as a Council post. Also the income budget relating to town centre regeneration will not be achieved as this was part of a contribution reserve from Sainsbury's however this was fully utilised during 2016/17. The overspend is partially offset by salary savings of £13.5k due to vacant Town Centre Managers and Economic Development Officer posts at varying times throughout the year. From these salary savings, £30k has already been used to offset overspends within other areas of the service and to fund the recruitment and interim costs of the Director for Growth & Regeneration and recruitment costs of the Head of Legal & Democratic posts.

### 3.6.2 Underspends

#### Development Control £59,900

There is expected to be an additional £57,000 in income. This is due to a large planning application in relation to a garden village (circa 3,000 houses), employment space and open space at Six Hills, being received earlier in the year. The current levels of income have been projected forward and the new 20% increase of fees has also been taken into account in this prediction. Also there is expected to be a saving of £2,900 within the transport lines due to a vacant post being covered by a contractor, there has been less claims for essential user and mileage.

## **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 section 3.

## **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.

Contact Officer: Emma Peters  
Date: 19<sup>th</sup> February 2018  
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\Melton Economic & Environmental  
Affairs Committee\2017-18\070318\DG- Budget Monitoring Apr to Dec  
17