

BUDGET MONITORING – JULY 2012

Performance & Governance Committee – 18 September 2012

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Information

Key Decision: No

This report supports all the Council's key themes and objectives

Portfolio Holder Cllr. Ramsey

Head of Service Group Manager Financial Services – Adrian Rowbotham

Recommendation to Performance and Governance Committee: That the report be noted.

Introduction

Overall Financial Position

- 1 Four months into the year the results to date show an overall favourable variance of £150,000.
- 2 The year-end position is forecast to be £120,000 better than budget.

Key Issues for the year to date

- 3 **Income** – investment income is performing above target and is forecast to be better than budgeted at the year-end. This is due to higher than estimated balances and slightly higher rates being achieved, and a favourable forecast is shown to reflect this position.
- 4 Looking at the other main income sources, the position remains difficult. Building Control, Land Charges and Planning Pre-application fees currently show adverse variances for the year to date.
- 5 **Pay costs** – the actual expenditure is less than budget due to some vacancies during the year and staffing restructures following the departure of senior managers.
- 6 **Other** – Direct Services' results show a negative variance of £6,000 compared to budget.

Year End Forecast

- 7 Four months into the year, the year-end position is forecast to be £120,000 better than budget with extra investment income being the largest factor explaining the variance. Additional income is also expected from office rentals and council tax court costs. Further favourable variance is forecast for audit fees.

Risk areas

- 8 The current economic situation continues to have a real and potential impact on the Council's finances:
- The investment strategy is constantly under review in light of the changing long term credit ratings which affects the number of organisations the Council can invest in;
 - property related income such as Development Control (particularly pre-application fees and s106 monitoring), Building Control, Land Charges and Capital Receipts remain vulnerable;
 - the Benefits workload is continuing at a higher level than before the recession, which is having an impact on processing times (though an action plan is in place to improve performance);
 - Council Tax collection rates, though currently in line with the previous year, could be affected by increased unemployment and squeezed household incomes; and
 - Planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years.

Key Implications

Financial

The financial implications are included elsewhere in the report.

Community Impact and Outcomes

None.

Legal, Human Rights etc.

None.

Risk Assessment Statement

Detailed budget monitoring is complete on a monthly basis where all variances over £10,000 are explained. Future risk items are also identified.

Appendices

Appendix A – Budget Monitoring Sheets for July 2012

Background Papers:

Budget 2012/13

Budget Monitoring Reports for 11/12

Financial System

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