BUDGET MONITORING – SEPTEMBER 2012

Performance & Governance Committee – 13 November 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 Six months into the year the results to date show an overall favourable variance of £14,000.

2 The year-end position is forecast to be £20,000 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 still remains difficult. Building Control, Land Charges, Car Parking and Planning 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 £26,000 compared to budget.

Year End Forecast

7 Six months into the year, the year-end position is forecast to be £20,000 better than budget though this is significantly less than the forecast at the end of August.

8 Extra investment income is the largest favourable variance. Additional income is also expected from office rentals and council tax court costs. A further favourable variance is forecast for audit fees.

9 Income from Building Control, Land Charges, Car Parking and Planning fees are all forecast to be less than the budget for the year.

Risk areas

10 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 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;
- The liquidation of the markets operator will result in the markets operation being re-tendered; 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

<u>Financial</u>

The financial implications are included elsewhere in the report.

<u>Community Impact and Outcomes</u>

None.

<u>Legal, Human Rights etc.</u>

None.

Risk Assessment Statement

Detailed budget monitoring is completed 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 September 2012
Background Papers:	Budget 2012/13 Budget Monitoring Reports for 11/12 Financial System
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