

PERFORMANCE AND GOVERNANCE COMMITTEE – 27 SEPTEMBER 2011

BUDGET MONITORING –AUGUST 2011

Report of the: Deputy Chief Executive and Corporate Resources Director

Status: For Information

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

Portfolio Holder Cllr Ramsay

Head of Service Head of Finance and Human Resources -Tricia Marshall

Recommendation: That the report be noted.

Overall Financial Position

- 1 Five months into the year the results to date show an overall favourable variance of £183,000, a reduction when compared with the previous month.
- 2 The year-end position is forecast to be £54,000 worse than budget; an improvement on the previous month, and represents less than 0.5% of the Council's net 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 improved position.
- 4 Looking at the other main income sources, the position remains difficult. Although Car Park income shows a small favourable variance to date, it has had three months of below budget income. Building Control, Land Charges and On-street Parking continue to show adverse variances.
- 5 Community Development external funding is ahead of profile, contributing to the favourable variance at present, but this will not have any impact on the year-end results.
- 6 **Pay costs** - these are £180,000 favourable for the year to date. Almost all services are showing a small underspend, with a number of favourable variances forecast for year-end.
- 7 **Other** –Direct Services' results show an adverse variance of £60,000, due to increased fuel and waste disposal costs.

Year End Forecast

- 8 Five months into the year, the year-end position is forecast to be £54,000 worse than budget, a significant improvement when compared with the previous month. Adverse variances have been forecast to reflect the fact that some savings from partnership working are not expected to be achieved for the full year and for variable income sources such as Building Control and On-street parking. Favourable variances has been forecast for investment income and against some salary budgets.
- 9 Heads of Service are looking to remove the remaining small adverse forecast. If the same value of savings is not achievable within a Head of Service area, Management Team and Heads of Service will make other savings across the Council to ensure that the year-end position is within budget.

Risk areas

- 10 The current economic situation continues to have a real and potential impact on the Council's finances:
- property related income such as Development Control, 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
 - diesel prices continue at a high level and the financial impact seen in the last financial year is continuing.
- 11 Staff turnover remains relatively low. This has a positive impact on service delivery but puts at risk the achievement of the vacant post saving in future years. Conversely, in some specialist areas, experienced staff are proving difficult to recruit and so temporary staff are being used to cover vacancies. Where appropriate, apprenticeships are being considered to increase the pool of trained staff.
- 12 Planned savings through the generation of income, particularly from partnership working, remain risk areas for the current and for future years.

Performance and Governance – 27 September 2011

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DR. PAV RAMEWAL

**DEPUTY CHIEF EXECUTIVE AND
CORPORATE RESOURCES DIRECTOR**

