

**Committee:** Development Control Committee

**Agenda Item**

**Date:** 24<sup>th</sup> September 2008

**4**

**Title:** Budget Monitoring 2008/09

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Item for  
Information

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### Summary

- This is the second Budget Monitoring report to this Committee for the financial year 2008/09.
- Performance Select Committee, at its meeting on 29<sup>th</sup> April 2008 agreed the process for members to separately receive monthly budget monitoring information direct.
- Attached as Appendix One is the Committee budget at service level.

### Recommendations

- Members note the content of this report.
- A further Budgetary Control Monitoring report will be submitted to a November meeting of this Committee.
- Heads of Division responsible for the services with budgets showing spend more than 10% in excess of profiled budget or income 10% lower than profiled budget, report to the November meeting of this Committee with explanations as to where the overspends or shortfalls in income are to be funded from.

### Background Papers

- Reports from the Financial Management System
- Members monthly budget monitoring reports

### Impact

Communication/Consultation	None
Community Safety	None
Equalities	None
Finance	The report sets out budget monitoring information for this Committee to the end of August 2008. Further reports will be submitted to future meetings.

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Human Rights	None
Legal implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	The report includes budgets and actual spending for employees

### Situation

- 1 Members have recently received detailed budget monitoring information for all the Council's services up to the end of August.
- 2 The appendix to this report only relates to the Development Control Committee.
- 3 In addition to the information being sent on services to all Councillors, a report on high profile budgets across the Council is submitted to the regular meetings between the Strategic Management Board and the political administration.
- 4 Performance Select Committee will monitor all budgets exceeding 10% of their variance from the profiled budget, and receive written explanations from HoDs.
- 5 Appendix One shows that overall, the Committee's net spending to the end of August is underspent by £72,155 against the profiled budgets for the same period. The main reasons for this difference are:
  - Development Control - Additional income above budget both for planning applications and pre-application advice.
  - Planning Enforcement - The planning enforcement budget residual elements need to transfer to the new enforcement team budget.
  - Planning Management and Administration - Additional costs relating to the G2 planning application are to be funded by BAA.
- 6 Finance and Administration Committee on 25 September will be receiving an update to the Medium Term Financial Strategy (MTFS). The report highlights a number of areas of concern. For this Committee those areas are:
  - The national pay award for the Council's employees for 2008/09, due in April 2008 is yet to be settled. The unions have turned down an offer of 2.45%. Although an estimated 2.5% pay award has been included in the MTFS for all 3 years, any additional cost over and above 2.5% in 2008/09 will have a direct impact on future year's employee costs, together with additional employer's National Insurance and Pension Costs.

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- The Consumer Price Index (CPI) inflation rate (July) is currently 4.4% and the Retail Price Index is at 5.0%. The MTFS assumed an inflation rate across all years of 2.5% for contracted services, but no other allowance was made for inflation other than for payroll.
- Members will recall that, within the 2008/09 Budget, there is a vacancy/savings deduction of around £500,000. Although Strategic Management Board (SMB) is monitoring all recruitment and spending, it is too early to say whether this reduction in the Council's Budget will be achieved this financial year. This sum is retained as a deduction within the remainder of the period of the MTFS and it is the view of your officers that a 5% savings factor deduction is now too high to be achievable each year. It is essential that the Council moves towards reducing the savings factor to a more manageable % over the life of the next MTFS. This will involve finding further savings elsewhere.

### Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Members do not carry out budget monitoring as recommended by the external auditor.	1	4	A process is now in place to ensure all members receive monthly budget monitoring reports.
No corrective action takes place to offset overspends or lower income	2	4	Members can monitor monthly reports to see if corrective action is taking place.
Further pressure is placed on reserves	2	4	Finance Committee will receive regular reports for the whole of the Council's budget
HoD's do not properly manage their budgets	2	4	HoDs will have to provide written explanations or attend Performance Select Committee to explain variances over 10% of profiled budgets.