

Appendix 7

Detailed analysis of budget variances	Overspend / (Underspend) £	para. ref:
Employee costs		
Salary savings vacancy target	480,000	1.1
Salary savings identified as 30 th November 2012	(401,300)	1.1
Sub-total	78,700	
Service costs		
Airport consultancy fees	7,700	
Cemetery Gate-keeper	10,000	
Insurance premiums	(12,100)	
Other insurance related costs	20,100	
Utilities costs	(105,100)	1.2
NNDR charges	(26,100)	
Leasing charges	(305,700)	1.3 – 1.6
Minimum Revenue Provision (MRP)	42,800	1.3 – 1.6
Audit Fees	(15,000)	
MMI Provision	80,000	
Reduced administration charges to on-street car parking	22,700	
Other	18,700	
Sub-total	(262,000)	
Income		
Shared project management resource	(34,800)	
Arle Nursery	(32,900)	
Property rentals and service charges	(58,800)	1.7
Planning fees	(82,500)	1.8
Building control	40,000	1.9
Recycling	(23,600)	
Increase volume of waste bins/sacks	41,700	1.10 – 1.12
Household waste bins	14,000	
Trade refuse	93,800	1.13
Investment income and interest payable	(39,400)	1.14
Other	(4,700)	
Sub-total	(87,200)	
Total projected variance to original budget	(270,500)	

- 1.1** The 2012/13 original budget included a target of £480,000 from salary savings to be made throughout the council from vacant posts arising during the year. An assessment of vacant posts (i.e. staff turnover) in the first seven months of the year indicate that £401,300 has been identified to date leaving a further £78,700 to be generated in the remainder of the financial year.
- 1.2** There is a net saving in gas and electricity budgets for 2012/13 of £105,100 as a result of a new contract negotiated up to 30th April 2014. The gas prices are around 15% cheaper than the previous contract and electricity prices were on average 10% cheaper.
- 1.3** There is a one-off net saving of £216,900 in 2012/13 in respect of MRP and leasing costs, as follows:
- 1.4** The adoption of International Financial Reporting Standards (IFRS) necessitated the need to review all council leases to determine whether they should be classified as operational or finance leases. The review concluded that leases drawn for the purchase of vehicles and recycling bins are deemed to be finance leases and as such must be represented on the council's balance sheet as external borrowing.
- 1.5** As a consequence of the above, officers reviewed and compared the costs associated with leasing against prudential borrowing and concluded that whilst the gains from prudential borrowing were marginal in the early years, it gave the council more flexibility in terms of ownership. Council, at its meeting on the 11th February 2011, agreed to fund the replacement of vehicles and recycling bins through prudential borrowing where it was deemed appropriate.
- 1.6** The decision to fund the replacement of vehicles and recycling bins through prudential borrowing has resulted in a one-off saving of £305,700 in leasing costs. This is due to the accounting entries surrounding the financing of assets from prudential borrowing in so much that they equate to the depreciation charge levied on that asset. The depreciation policy for CBC is that newly acquired assets are depreciated from the year following that in which they are acquired. Consequently the financing costs via Minimum Revenue Provision (MRP) have increased by £42,800 in 2012/13.
- 1.7** The projected income position for property rentals and service charges is a positive variance of £58,800. This is due to the commercial approach being taken by Property Services to rent reviews. However, this level of income is not necessarily sustainable in light of the current economic climate and the number of organisations approaching the Council requesting ongoing rent reductions. A review will be undertaken over the next year to ascertain any sustainable increase to base budget.
- 1.8** Planning fee income is showing a positive variance of £82,500 at the end of November. This position is somewhat surprising in view of prevailing economic conditions and a downturn in the current trend cannot be ruled out. The sustainability of this income target is being regularly monitored and reviewed in light of developments around the borough.
- 1.9** There is a projected shortfall in the building control income figures of £40,000 for 2012/13. Limited growth and available finance has impacted significantly

on the local construction industry. The overall result appears to be that although the same number of applications is being received, the income from those applications has reduced. Domestic works are generally smaller in size than they were two or three years ago.

- 1.10** It is anticipated that there will be a shortfall in income of £41,700 from receipts for the sale of Garden Waste Bins and Garden Waste sacks. The renewal rate for bins is currently 95% and there are 2,000 new bin sales since 1st January 2012 until 30th November 2012. At that date there were 12,636 current bin subscriptions in the scheme.
- 1.11** The take up in the Garden Waste bag scheme has not been as large as anticipated and has contributed to the shortfall in income of £12,100.
- 1.12** Previous calculations have been based on customer numbers', however; the number of Garden Waste bin sales is greater than the number of customers, which has contributed a further £8,100 to the anticipated income stream. The renewal rate in the current financial year at 95% is 3% lower than the initial prediction of 98% and is expected to contribute a further £12,400 to the shortfall. Also, the continuation of the renewal discount period and the introduction of a further discount period for new bin sales are anticipated to contribute the balance of the overall shortfall of £25,300.
- 1.13** There is a projected shortfall in trade waste income of £93,800 for 2012/13 as a result of the loss of a significant trade contract with effect from September 2012. This has been incorporated into the revised 2012/13 budgets.
- 1.14** Security of capital remains the Council's main investment objective. The solvency issues surrounding Europe and the downgrades of some UK banks, together with the expectation that interest rates will remain at low levels for the foreseeable future, has meant the Council has scaled back its lending list, and is repaying temporary debt with maturing investments rather than re-investing. For 2012/13 interest payable will reduce by £29,900 and interest receivable will increase by £9,500. As a result, the net impact on the 2012/13 budget is an increase in net treasury income of £39,400.