

Budget Report-Quarter ending 30th June 2011

Car Parks

On the whole car park revenue is as per budget for the 1st quarter, with Broad Road having a small positive variance and Main and North Beach a small negative variance. Although the performance for car parks has been to budget for the quarter, April performed above budget however June was a disappointing month which cancelled out April's good results. These results show the sensitivity of car park revenue to the weather. The quarter has also seen a 25% increase in credit card usage from 2010/11. It is estimated that the budgeted surplus for this department will be achieved at year end however this is dependent upon attaining the anticipated usage of the car parks which as shown in the 1st quarter's results is often weather dependent.

Boat Park

Income and expenditure at the boat park and fishermen's huts are largely as per budget in the 1st quarter, with this trend being expected to last through the financial year. A seasonal boat park attendant has been appointed and the effect on income from launching will be monitored in the 2nd quarter as any anticipated benefits have not been realised in the 1st quarter.

Public Conveniences

The costs of maintaining the public conveniences in the 1st quarter are largely as per budget with a small positive variance being realised, mainly due to a £1,100 positive variance in hygiene services costs. The year-end projection shows a small decrease in the overall costs of running this department however this has been based upon the full £30,000 budget for repairs & maintenance being expensed in the year.

Cemeteries

The net surplus for the 1st quarter is £2,060 above budget for the cemeteries. This is due to lower than budgeted wages costs combined with higher than anticipated income for the period.

Parks & Operations

A positive variance of £17,906 has been achieved in the first quarter in this department. This is on the whole due to a receipt of £8,000 for the De Moulham Estate back roads. This will be offset by an increase in the contributions to earmarked reserves of £8,000. Employee costs are just under £4,000 below budget for the quarter with general operational costs £4,300 under budget, being small variances over several budget headings. The majority of repairs & maintenance work is carried out in the latter half of the financial year with unexpected expenditure occurring after the summer season. The expenditure budgets are mainly back ended to account for this however there may be essential expenditure incurred during the later stages of the year which are not known at this time.

Beach Gardens

Income & expenditure at Beach Gardens has largely been as per budget. The Tennis Club is being charged a facility fee for the year and making a contribution of £3,600 towards tennis court refurbishment which, if not expensed in the year, will be transferred to an earmarked reserve.

The Downs

The Downs has realised a negative variance of £3,405 for the 1st quarter. This is due to wall repairs being carried out in the current financial year rather than 2010/11. There has also been a delay in the demolition of the shelter at Peveril, which will also result in a significant overspend in this financial year. The probable out turn for the year therefore shows a negative variance of £23,400, being the cost of the delayed works.

Beaches & Foreshore

A significant overspend of £7,839 has occurred in this department during the 1st quarter. This is due to two factors: seaweed collection and the installation of the buoys for the safe bathing zone. Seaweed removal costs are £4,235 overspent in the 1st quarter, the causes of which are beyond the Council's control. The Council has also met the cost of installing the safe bathing zone buoys, £3,695 in this quarter. It is understood that Purbeck District Council will meet some of the costs of installation and removal and a supplementary estimate for the total cost to the Council will be made once details have been finalised.

Beach Huts

Income and expenditure are generally as per budget in the 1st quarter. Overall the year end surplus is anticipated to be £958 below budget, with £678 being attributable to rates costs.

Publicity & Tourism

Overall income and expenditure has been as per budget for the 1st quarter, with small variances, both positive and negative being attributed to several budget headings, but none of any significance. The uniforms budget is overspent to date however there has been a change in two members of staff at the TIC which was not anticipated.

Central Services

Central administration has seen a positive variance of £19,047 in expenditure during the 1st quarter. This is due to several factors. The insurance costs for the year have reduced significantly from previous years, with the contract being put out to tender in March 2011. The budgeted insurance costs of £49,950 are likely to be reduced to approximately £35,000 (with the final figure yet to be finalised). Employee costs are £7,000 below budget for the quarter, with the anticipated employment of additional administrative staff not having been realised. The staffing levels have also been reduced during the quarter with a part time

employee leaving at the end of the last financial year. This vacancy has been filled in the 2nd quarter. Other significant factors are a positive variance of £4,000 in legal fees and £1,200 in health and safety consultancy fees. The anticipated annual expenditure associated with central administration has therefore been reduced by £30,637.

Corporate Management

Corporate management costs for the 1st quarter are £2,227 under budget with a projected year end positive variance of approximately £18,000 expected to be realised. Corporate management costs include District Audit fees and at budget setting fees were anticipated to be £20,000. Since this time the Council has been reclassified as a smaller relevant body and is now subject to a limited assurance audit. Therefore the anticipated cost for audit fees has been revised down to £4,000. Internal audit fees are also below budget for the period and are expected to be £2,000 below budget by year end.

Bank and Interest Charges

Bank and interest charges are below budget for the 1st quarter and it is anticipated that this trend will continue throughout the year. The projected expenditure at year end has therefore been reduced to give a positive variance of £2,392 on the original budget.

Interest & Investment Income

The investment income budget was based upon a return of 5% on the £2m CCLA LAMIT, 2.5% on the £3m deposit investment with Lloyds, 1.8% on £1.5m deposit invested with Barclays and interest earned on monies held in a Money Market Fund, currently just over £500,000. Unfortunately the first quarter's results from the LAMIT are not yet known and therefore projections have continued to be made at a 5% return. The return for the full financial year will also be dependent upon the yield that can be attained when the two deposit investments mature in October and January.

Salaries & Wages

A pay freeze for 2011/12 was imposed with only incremental increases having been applied in the current financial year. The budgeted employee costs for the first quarter were £177,560 with actual costs totalling £161,956, a positive variance in employee costs of 8.8%. This is on the whole due to the departure of the Council's Horticulturalist who has not been replaced to date and the factoring of a seasonal car park warden in the car parks budget and a new position in the central administration budget that have not been appointed.

General Overview

Overall there was a surplus of £183,432 for the 1st quarter of the 2011/12 financial year. This is £35,684 greater than budgeted for the period. The main contributing factor is a reduction in central administrative costs for the period, contributing £19,047 to this variance, with an under spend on employee costs contributing a further £8,603 (excl. central admin). On the whole positive variances have been seen during the quarter in the majority of service areas,

with Beaches and the Downs showing the only significant negative variances to budget for the quarter. In general the majority of service areas are performing within budget and it is anticipated that this will continue throughout the financial year, with a surplus of £86,211 being projected for the year.

Alison Spencer

Finance Officer

July 2011