

2007/2008 Budgets - Explanatory Notes

The budget for each service is compiled under standard headings for various types of expenditure. The main items included in each standard heading are as follows:

Employees

Salaries and wages, National Insurance and pensions.
Other staff costs such as training.
Employee insurances.

Premises

Repairs and maintenance of buildings, fixed plant and land.
Energy costs.
Rents, Rates and water charges.
Fixtures and fittings.
Insurance.
Cleaning and domestic supplies.

Supplies and services

Equipment, Furniture and Materials.
Clothing, Uniforms and Laundry.
Printing, Stationary and General Office expenses.
Telephone charges.

Transport

Vehicle expenses.
Car Allowances.
Public Transport.

Agency and Third Party Payments

Use of contractors.
Use of consultants.

Financing Charges

Depreciation and notional interest charges for using fixed assets.

Central Support Costs

Reallocated costs of staff and associated overheads supporting the service.

Definition of Changes to Budget

Unavoidable Growth

Unavoidable growth covers essential budget growth that cannot be avoided. Such growth would include:-

- Inflation on salaries, utility costs, contracts for goods and services
- Inflationary increases in income eg fees and charges, rents etc
- Salary increments and pay awards
- Growth arising from new legislation
- Changes arising from the review of Central Support Service Charges
- Growth already committed to / approved by Management Team and Cabinet
- Revenue costs arising from an approved Capital Programme bid

Uncommitted Growth

This is any other budget growth, not already committed to as detailed above. All uncommitted growth is subject to the approval of an Uncommitted Budget Growth Bid.

Examples include:-

- Requests for additional staffing, changes to hours worked, overtime provision etc
- Requests for additional supplies and services budgets
- Service specific budget requests eg initiative budgets

It should be noted that any new income secured against any additional costs included as uncommitted budget growth, must also be shown as uncommitted growth to match the expenditure eg grant funded posts, initiatives etc

Efficiency Savings

This is where a service has made efficiency savings *or* reductions have been achieved on its budgets in the form of reduced expenditure or increased income.

Examples include:-

- Deleted posts or savings from restructured staffing budgets
- Reduced supplies and services budgets
- Procurement savings eg on the renegotiation of a contract
- Additional income from new business growth / increased volumes
- New grants and contributions attracted to subsidise existing budgets
- Revised central support recharge methodology increasing recharges to Housing Revenue Account and Capital Programme
- Increased salary savings targets
- Budget prepared on outturn basis and contingency sum therefore deleted