



JOINT COMMITTEE – 16<sup>th</sup> March 2012

## REVENUE BUDGET REVIEW 2011/2012 AND DRAFT REVENUE BUDGET 2012/2013

### REPORT OF THE DIRECTOR AND TREASURER

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#### 1. Purpose of the Report

1.1 The Revenue Budget for 2011/2012 was approved at the meeting of the Joint Committee on 11<sup>th</sup> March 2011 and a revised budget was approved on 18<sup>th</sup> November 2011. The purpose of this report is to review the Revenue Budget for 2011/2012 to reflect developments that have occurred since the revised budget was approved and to approve the Draft Revenue Budget for 2012/2013.

#### 2. Revenue Budget 2011/2012

2.1 The budget variation is set out below for information and shows in overall terms a net reduction in the use of the accumulated surplus of £3,647. This means that the general reserve for the Joint Committee is projected to increase to £96,737. Appendix A summarises the projected revenue outturn position for 2011/2012.

2.2 Line 1a: Energy Costs (£3,647 decrease). The decrease of £3,647 relates to a credit received for overpayment on previous electricity costs that were incurred by the Joint Committee. The electricity contract with NEPO is paid on the basis of an agreed billing rate. However, a reconciliation carried out by officers from Sunderland City Council showed that the actual cost of consumption was £3,647 less than that which has been charged and therefore this amount has been refunded to the Joint Committee.

#### 3. Draft Revenue Budget 2012/2013

3.1 The Draft Revenue Budget for 2012/2013 has been prepared on the assumption that expenditure will remain broadly similar to that incurred in 2011/2012, except for the revisions outlined below:

3.2 Line 3: Services (£3,000). Members will recall that they agreed at the meeting held on 18<sup>th</sup> November 2011 to reduce the Services budget to £1,000. The provision for audit fees was overstated by £2,000 for 2010/2011 and Members agreed to net the credit amount of £2,000 against the estimated fees of £3,000 for the audit of the Statement of Accounts 2011/2012. The fees for the audit of the Statement of Accounts 2012/2013 are estimated to remain at £3,000 and therefore the Services budget has been increased by £2,000 to £3,000.

3.3 Line 4: Central, Departmental and Technical Services (£23,223). A detailed review of service charges has been carried out by Officers at Sunderland City Council in its role as lead authority to the Joint Committee. As a result of this review, Officers are proposing to reduce the overall level of financial services provided to both the Joint Committee and Beamish Museum Limited. This will result in an overall total decrease to the Museum of £10,395 for 2012/2013.

However, it is proposed to re-apportion all of the charges for internal audit work relating to the certification of the Small Bodies Annual Return, and the Capital Programme and BOIP, to the Joint Committee resulting in a net increase to the budget of £6,426. There will be no charge for internal audit services to Beamish Museum Limited or Beamish Museum Trading Limited for 2012/2013 as a result of the re-apportionment of the charges to the Joint Committee. Officers will continue to annually review the financial services charges taking into account any additional ad-hoc work that is carried out or further reductions in the level of financial services provided.

3.4 Line 6: Contributions from Constituent Authorities (£76,264). Confirmation has been received from most of the constituent authorities that their contributions to the Joint Committee for 2012/2013 will be as follows:

	£
Durham	45,141
Sunderland	15,903
Gateshead	10,300
North Tyneside	1,420
South Tyneside	3,500
<b>Total</b>	<u>76,264</u>

3.5 In order to produce a break-even budget it will be necessary to use £33,959 from the accumulated surplus. The accumulated surplus is projected to be £62,778 after taking into account all of the budget revisions highlighted above.

#### **4. Recommendations**

##### **4.1 Members are requested to:**

- approve the revised Revenue Budget for the Joint Committee for 2011/2012 shown at Appendix A.
- approve the Draft Revenue Budget for the Joint Committee for 2012/2013 shown at Appendix A.

**Richard Evans**  
Director

**Malcolm Page**  
Treasurer