



JOINT COMMITTEE – 11<sup>th</sup> March 2011

REVENUE BUDGET REVIEW 2010/2011 AND DRAFT REVENUE BUDGET  
2011/2012

REPORT OF THE DIRECTOR AND TREASURER

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**1. Purpose of the Report**

1.1 The Revenue Budget for 2010/2011 was approved at the meeting of the Joint Committee on 12<sup>th</sup> March 2010 and a revised budget was approved on 25<sup>th</sup> June 2010. The purpose of this report is to review the Revenue Budget for 2010/2011 to reflect developments that have occurred since the revised budget was approved and to approve the Draft Revenue Budget for 2011/2012.

**2. Revenue Budget 2010/2011**

2.1 The main variations are set out below for information and show in overall terms a net reduction in the use of the accumulated surplus of £21,572.

2.2 Line 2: Printing, Stationery & General Office Expenses (£376 increase). Budget provision has been included for the cost of statutory Public Notices in local newspapers advertising the audit of the Statement of Accounts for 2009/2010.

2.3 Line 5: Debt Charges (£20,867 decrease). Members will recall that the Joint Committee agreed to fund the capital cost of the Edwardian Fairground by the use of prudential borrowing facilitated by Sunderland City Council. A Public Works Loan Board (PWLB) loan was subsequently taken out by Sunderland City Council on behalf of the Joint Committee on 15<sup>th</sup> May 2010 at an interest rate of 3.65%. This represents excellent value for money as comparable interest rates were 4.38% at 1<sup>st</sup> March 2011. The interest payable would have been approximately £28,000 more over the loan period had the loan been taken out in March 2011.

The loan is to be repaid over 15 years at an Equal Instalment of Principal (EIP) rate. With an EIP rate, an equal amount of principal is repaid each

year along with an amount of interest which declines each year due to the annual loan repayment. Due to the timing of the loan, only one half yearly instalment of principal will fall to be paid within the 2010/2011 financial year. Two half yearly instalments will be paid in each of the subsequent years. The debt charges budget has therefore been decreased by £20,867.

### 3. Draft Revenue Budget 2011/2012

- 3.1 The Draft Revenue Budget for 2011/2012 has been prepared on the assumption that expenditure will remain broadly similar to that incurred in 2010/2011 except for the revisions outlined below.
- 3.2 Line 4: Central, Departmental and Technical Services (£16,797). It is proposed to reduce this budget by £1,866 to reflect a 10% decrease in the overall annual charges for services provided by Sunderland City Council in its role as Lead Authority. Officers will continue to annually review the service charges taking into account any additional ad-hoc work that is carried out or reductions in the level of services provided.
- 3.3 Line 5: Debt Charges (£65,000). The debt charges budget for 2011/2012 has been increased by £17,530 to reflect the amount of principal that will be repaid in the year.
- 3.4 Line 6: Contributions from Constituent Authorities (£81,189). Confirmation has been received from all of the constituent authorities that their contributions to the Joint Committee for 2011/12 will be as follows:

	£
Durham	45,141
Sunderland	15,903
Gateshead	10,300
North Tyneside	1,420
South Tyneside	<u>8,425</u>
<b>Total</b>	<b>81,189</b>

- 3.5 In order to produce a break-even budget it will be necessary to use £39,908 from the accumulated surplus. The accumulated surplus is projected to be £73,189 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 2010/2011 shown at Appendix A;
- approve the Draft Revenue Budget for the Joint Committee for 2011/2012 shown at Appendix A.

**Richard Evans**  
Director

**Malcolm Page**  
Treasurer