

AGENDA ITEM 10

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

25 SEPTEMBER 2012

REPORT OF HEAD OF CENTRAL SERVICES

BUDGET MONITORING APRIL TO JUNE 2012

1.0 PURPOSE OF THE REPORT

- 1.1 To provide information on actual expenditure and income incurred on this Committee's services compared to the latest approved budget for the period 1 April 2012 to 30 June 2012.

2.0 RECOMMENDATION

- 2.1 **It is recommended that the financial position on each of this Committee's services to 30 June 2012 be noted.**

3.0 KEY ISSUES

- 3.1 As part of the Council's budget monitoring procedures all budget holders are asked on a quarterly basis to provide details of service and financial performance. Copies of the budget holders' returns are available for further information.

Overall Position

- 3.2 A summary of income and expenditure for all Council services is attached at Appendix A and detailed below. This information has previously been circulated to Members as part of the August Members' Newsletter.

	Approved Budget at June 12	April to June Budget	April to June Net Expenditure	Variance Underspend (-)
	£	£	£	£
General Expenses	6,627,650	3,887,047	3,592,130	-294,917
Special Expenses	628,570	177,530	191,982	14,452
HRA – Total Expenditure	6,971,510	956,539	972,008	15,469
HRA – Total Income	7,122,480	1,790,755	1,810,957	-20,202

Key Service Areas

- 3.3 The latest Key Service Areas report for July 2012 is attached at Appendix B with the Policy, Finance and Administration service areas highlighted. This report is presented to the Management Team on a monthly basis and highlights the high-risk budgets that were identified as part of the Council's budget protocols. These budgets are reviewed with budget holders monthly. Those budgets which are more complex in nature are supported by more detailed analysis of the service usage that drives the costs.
- 3.4 The overall position on the Key Service Areas shows a deficit of less than £1k. These budgets will be carefully reviewed as the year progresses.

- 3.5 There are also a number of other budget variances identified on the budget action list, including those relating to Key Service Areas above, which are considered by the Council's Strategic Management Team on a monthly basis. As such the overall current predicted position, when taking into account all known variances, shows a net underspend of just over £74k.
- 3.6 A summary for all of this Committee's services is attached at Appendix C.
- 3.7 A summary of the income and expenditure for this Committee's services compared to the approved budget at June 2012 is as follows:

	Approved Budget at June 12	April to June Budget	April to June Net Expenditure	Variance Underspend (-)
	£	£	£	£
General Expenses	1,943,930	509,189	588,279	79,090
Special Expenses	14,500	3,625	2,295	-1,330

- 3.8 The above figures for general expenses show an overspend of £79,090 the reasons for which are explained in paragraph 3.9 below.

Budget Variance Exception Reporting +/- £10k

- 3.9 As part of the budget monitoring process variances are being promptly and proactively managed facilitating more detailed reporting. Details of the potential 'full year' effect of the more significant variations +/-£10k with regard to this Committee's services are set out below:

Underspends

Parkside £77,542

This underspend is due to the re-profiling of budgets that is required to reflect that electricity bills are received a month in arrears and the buildings insurance recharge is not completed until period 4. Similarly the income budget needs re-profiling to reflect invoices which are sent quarterly in advance. It is currently anticipated the income surplus will be £45,000 at year-end.

Phoenix House £12,418

This underspend is due to NNDR being lower than budget. A virement is to be completed to offset the anticipated shortfall in income; this shortfall is now expected to be £30,000.

Welland Procurement Unit £11,156

There is a vacant post (Welland Procurement Officer), this post will be part-filled from August resulting in an anticipated underspend of £12,000 at year-end. This will be split between each of the Welland Partners, with Melton's share estimated to be £2,000.

Corporate Costs Finance £18,464

This underspend is due to a reserve creditor relating to external auditor invoices; these invoices have not yet been received. It is anticipated there will be a saving of £44,000 due to the outsourcing of the Audit Commission's in house practice.

Rate Relief £18,050

A journal needs to be completed for the costs of charitable rate relief and rural rate relief. More businesses have requested relief compared to previous years and therefore the budget will be overspent by £4,000.

Legal Services £31,795

This underspend is due to a reserve creditor relating to Nottingham Road disposal costs, for which an invoice has not yet been received.

Overspends

Central Expenses £42,100

Supplies and services budgets require re-profiling to reflect that the ill health premium was paid in period 1 which differs from the previous year . The budget is expected to be met.

Corporate and Democratic Core £10,842

Supplies and services budgets require re-profiling to reflect subscriptions and Mayors allowance paid in the first quarter; the pattern of expenditure being different from previous years. The budget is expected to be met.

Non Distributed Costs £14,999

The budget requires re-profiling to reflect that invoices have been paid in the first quarter; the pattern of expenditure being different from previous years. The budget is expected to be met.

NNDR Collection £63,371

Income is showing as below budget due to a journal for the cost of collection allowance not being completed until period 4.

Central Services £30,821

This overspend is due to budget profiling of computer software maintenance not reflecting previous years and to reflect that most invoices are paid in the first quarter of the year. This budget line is expected to be overspent by £4,100 due to the extension of certain elements of the current Income Management system while the upgrade is being implemented.

ICT Services £30,207

This overspend is due to budget profiling on WAN costs and Disaster Recovery not matching the profile of spend as expected. These budgets need reprofiling to reflect expenditure in the first quarter. Professional fees are anticipated to be overspent by £2,250 due to additional work undertaken by the Council's IT consultants, SOCITM.

Communications £15,011

This overspend relates to employee costs due to long term sickness cover required for 2 employees. This has been highlighted on the budget action list for further consideration by Management Team.

4.0 POLICY AND CORPORATE IMPLICATIONS

- 4.1 Policy and corporate implications were addressed in setting the current year's budget. There are no further policy and corporate implications arising from this report.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 All financial and resource implications have been addressed within paragraph 3.0.

6.0 LEGAL IMPLICATIONS/POWERS

- 6.1 Legal implications/powers were addressed in setting the current year's budget. There are no further legal implications arising from this report.

7.0 **COMMUNITY SAFETY**

7.1 Community safety issues were addressed in setting the current year's budget. There are no further community safety issues arising from this report.

8.0 **EQUALITIES**

8.1 Equalities issues were addressed in setting the current year's budget. There are no further equalities issues arising from this report.

9.0 **RISKS**

9.1 The regularity of budget monitoring for each specific budget is based on the level of risk attributed to that budget. This is determined at the start of the financial year and is reported to Members as part of the Council Tax setting report.

10.0 **CLIMATE CHANGE**

10.1 Climate change issues were addressed in setting the current year's budget. There are no further climate change issues arising from this report.

11.0 **CONSULTATION**

11.1 Budget Holders and the Service Accountant discuss the financial performance of the service accounts at budget monitoring meetings arranged with reference to current budget monitoring protocols.

12.0 **WARDS AFFECTED**

12.1 All wards are affected.

Contact Officer:	Claire Burgess
Date:	29 th August 2012
Appendices:	Appendix A – Summary of Income & Expenditure – All Committees Appendix B – Budget Monitoring - Key Service Areas Appendix C – Summary of Income & Expenditure – PFA
Background Papers:	Oracle Financial Reports Budget Holder Comments on Performance
Reference:	X: C'tees, Council & Sub-C'tees/PFA/2012-13/25-9-12/DG - Budget Monitoring April to June 2012