

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

12 FEBRUARY 2014

REPORT OF HEAD OF CENTRAL SERVICES

BUDGET MONITORING APRIL TO DECEMBER 2013

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 2013 to 31 December 2013.

2.0 RECOMMENDATION

2.1 **It is recommended that the financial position on each of this Committee's services to 31 December 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.

	Approved Budget at Dec 13 £	April to December Budget £	April to December Net Expenditure £	Variance Underspend (-) £
General Expenses	7,375,520	5,509,771	5,877,878	368,107
Special Expenses	615,210	460,323	490,918	30,595
HRA – Total Expenditure	7,152,800	3,204,765	3,153,391	-51,374
HRA – Total Income	7,377,310	5,542,781	5,547,962	-5,181

Key Service Areas

3.3 The latest Key Service Areas report 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 £58k. 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, as at 31 December 2013, when taking into account all known variances, shows a net underspend of just under £46k. This compares to the estimated year end position of a £116k under spend as reported to Full Council on 5th February 2014.

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 December 2013 is as follows:

	Approved Budget at Dec 13 £	April to December Budget £	April to December Net Expenditure £	Variance Underspend (-) £
General Expenses	2,170,250	1,318,707	1,389,473	70,766
Special Expenses	6,700	5,025	9,723	4,698

3.8 The above figures for general expenses show an overspend of £70,766 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 - £11,704

This underspend relates largely to negotiations regarding the water bill from the date of occupation in September 2011 to August 2013. The budget is expected to be met for the year.

Electoral Registration £10,430

This underspend is due to canvassers fees to be paid in period 10, also payroll costs for work undertaken on Individual Electoral Registration have been charged to the Communications budget, a journal is to be completed to move the costs to this budget.

Corporate Repairs and Maintenance - £14,266

There have been delays in the commissioning of work due to the vacancy of the Buildings Maintenance surveyor, external buildings surveyors are now being used as temporary support pending appointment of a replacement, works are anticipated to be completed in line with budget.

Corporate Costs Finance - £72,763

The underspend on audit fees relates to outstanding invoices still to be received, however there may be a saving due to outsourcing of the Audit Commissions in house practice.

Miscellaneous Financing Items - £55,885

No expenditure has been incurred on this budget to date. A provision of £100,000 for an inflation allowance of which £26,160 has been utilised for the 1% pay award, the balance is yet to be allocated. The savings of £30,000 as part of the transformational target have been linked to the Customer Services underspend on staffing costs.

ICT - £92,066

The Client Support Strategy budget is not required for 2013/14 also the contingency built into the budget for additional expenditure has not been fully utilised. There is also expenditure on switches and phone servers to be completed in the final quarter. It is currently anticipated the professional fees budget will be £70,000 underspent.

Communications - £17,598

Annual support and hosting costs for the new website have been charged to capital, a journal is to be completed to move this to the budget and therefore the budget is anticipated to be fully spent at year end.

Communities - £89,061

The underspend on supplies is due to expenditure on a study on Indoor Sports to be incurred in the final quarter of the year, the Leisure Vision budget is likely to be underspent at year end and a carry forward request will be submitted. Income is ahead of budget due to funding received for Discretionary Housing Payments, a virement is to be completed to match expenditure on the Collection Fund.

Overspends

Phoenix House - £43,881

Income is behind profiled budget, the budget shortfall at the year-end is anticipated to be £13,920. No invoices have been sent to Learn Direct yet due to a delay in issuing the lease. It is anticipated these will be completed shortly and the invoices can be raised.

Welland Procurement Unit - £92,897

Invoices have been sent to members in period 10, the delay has been due to agreeing the figures due from each member for 2013-14, including the reimbursement of underspends from 2011-12 and 2012-13.

Legal Services - £48,885

Supplies and service related costs are showing ahead of budget due to purchase orders raised for the whole year for the Legal Service. There are currently no budgetary concerns.

Regulatory Services - £23,954

The overspend is due to redundancy costs as a result of the restructuring, a supplementary estimate is to be processed from the Corporate Priorities Reserve to fund this expenditure. There is also £12,000 of purchase orders raised under supplies and services that need cancelling.

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: 21st January 2014

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/2013-14/12-02-14/DG - Budget Monitoring April to December 2013