

COMMUNITY AND SOCIAL AFFAIRS COMMITTEE

9 MARCH 2011

REPORT OF HEAD OF CENTRAL SERVICES

BUDGET MONITORING APRIL TO DEC 2010

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 2010 to 31 December 2010.

2.0 RECOMMENDATION

- 2.1 **It is recommended that the financial position on each of this Committee's services to 31 December 2010 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.

Key Service Areas

- 3.2 The Key Service Areas report is attached at Appendix A with the Community and Social Affairs 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.
- 3.3 The report shows that, for those services for which this Committee is responsible, there is an increased income expectation in respect of benefit subsidy. However, there is an issue over a possible repayment of overpaid subsidy from 2009-10, which has the potential to reduce substantially the additional sums indicated in Appendix B.
- 3.4 The overall position on the Key Service Areas shows a deficit of just over £185k mainly due to the reduction in the level of income in relation to car parks, planning application fees, local plans and land charges. 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 current net overspend in the region of £20k at the point of writing, after allowing for the £85k surplus carried forward from 2009-10, although the situation

is subject to constant change and review. If savings are not identified elsewhere reserves will have to be drawn on by this amount at the year end based on this latest estimate.

- 3.6 A summary for all of this Committee's services is attached at Appendix B divided between controllable and uncontrollable costs. Uncontrollable costs consist of such areas as support costs, capital financing costs and internal recharges which are outside the control of the budget holder. This information has previously been provided to Members as part of the Members Newsletter.
- 3.7 A summary of the income and expenditure for this Committee's services compared to the approved budget at December 2010 is as follows:

	Approved Budget at Dec 10 £	April to Dec Budget £	April to Dec Net Expenditure £	Variance Underspend (-) £
General Expenses				
Controllable costs	1,318,030	1,609,926	1,443,148	-166,778
Uncontrollable costs	815,310	611,482	575,359	-36,123
General Expenses	2,133,340	2,221,408	2,018,507	-202,901
Special Expenses				
Controllable costs	106,540	102,569	85,419	-17,150
Uncontrollable costs	408,750	306,562	269,506	-37,056
Special Expenses	515,290	409,131	354,925	-54,206

- 3.8 The above figures for general expenses show an underspend for controllable costs of £166,778 and £17,150 for Special Expenses; the reasons for which are explained in paragraph 3.10 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:

Controllable Costs Underspent

- (a) Waterfield Leisure Pools £26,716
Underspend due to invoices awaited from contractor for car parking refunds and management fee. As these invoices are within agreed budgets no variation is predicted at the year end
- (b) Countryside Recreation £13,750
Underspend due to contributions for Grantham Canal Co-ordinator unlikely to be required. However, consultation for future provision to be considered by the Grantham Canal Partnership in 2011/12. The savings on this budget in the current year will be needed to cover the costs of implementing the

Choice Based Letting Scheme. As such no variation is predicted on this budget at the year end.

- (c) Rent Rebates – HRA Tenants - £64,942
Underspend due to increased income from overpayments being greater than expected. In addition, the subsidy shown in this account to date includes subsidy in respect of Non HRA Rent Rebates which is transferred at the year end. It is not possible to ascertain the likely position with any accuracy at the year end on this budget due to the volatile nature of subsidy but this budget is subject to monthly monitoring.
- (d) Customer Service Centre - £50,565
Employee costs are underspent to date due to staff vacancies and not all costs associated with the benefit lean project being reflected in the actual expenditure to date. It is envisaged that these costs will be within budget at the year end. However, any saving in respect of these costs would be repayable to our insurers as some of the posts in customer services are being provided using insurance monies.
- (e) Public Relations - £13,926
Underspend is due to a lower level of Melton Mails being produced than originally envisaged. In addition, it is likely that the allowance in this budget for specific PR advice will not be required this year. As a result a budget reduction is expected on this service and will be processed in due course.
- (f) Community Safety – £13,044
Underspend is due to additional monies secured for Family Intervention Workers this year. The monies are being received on a staged basis which is generally in advance of the expenditure to which it relates. Budget virements are required to bring this income and associated additional expenditure into line with expectations.
- (g) Welland Wheels to work - £16,573
Underspent to date due to the external contributions from partners received for this project exceeding predicted expenditure. As the monies are specifically ring fenced for this scheme, liaison with these partners will be required to determine how any unused contributions should be used to further the aims of the project in the future.
- (h) Council Tax Benefit - £34,901
Underspend is principally due to increased subsidy being received to date based on the mid year estimate submitted. It is not possible to ascertain the likely position at the year end on this budget due to the volatile nature of subsidy but this budget is subject to monthly monitoring.
- (i) Strategic Sports Development -£20,112
Underspend to date is principally due to lower spending on the active coaching pot monies which runs until September 2011. As the monies received are ring fenced specifically for this purpose any unused monies will need to be carried forward into 2011-12 to meet expenditure until the end of the scheme. In addition some expenditure in respect of the soccer scam scheme is not reflected in the actual expenditure to date.

Controllable Costs Overspent

(a) **Rent Allowances - £10,253**

This service is overspent due a lower level of subsidy being received to date compared to expenditure, based on the mid year estimate submitted. This lower subsidy receipt is partially offset by higher than expected levels of overpayments. It is not possible to ascertain the likely position at the year end on this budget due to the volatile nature of subsidy but this budget is subject to monthly monitoring

(b) **Homelessness - £41,144**

This service is overspent as it includes expenditure to date in respect of the housing options officer which will be funded from priority need grant. In addition the overspend includes commitments in respect of bed and breakfast lease costs and court desk project costs which will be incurred later in the financial year. These commitments are within the overall budget and as such no overspend is predicted at the year end.

(c) **Commissioning Children's Services - £68,446**

The overspend on this service is due to the fact that expenditure is reimbursed in arrears from Leicestershire County Council. Since all expenditure will be reimbursed the overall variance at the year end will be nil.

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:	David Wallbanks
Date:	9 February 2011
Appendices:	Appendix A – Summary of Income & Expenditure – CSA Appendix B – Budget Monitoring - Key Service Areas
Background Papers:	Oracle Financial Reports Budget Holder Comments on Performance
Reference:	X:\Cttee, Council & Sub Cttees/CSA/9-3-11/DG - Budget Monitoring April to December 2010