

COMMUNITY AND SOCIAL AFFAIRS COMMITTEE

21 SEPTEMBER 2011

REPORT OF HEAD OF CENTRAL SERVICES

BUDGET MONITORING APRIL TO JUNE 2011

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 1st April 2011 to 30th June 2011

2.0 RECOMMENDATION

- 2.1 *It is recommended that the financial position on each of this Committee's services to 30th June 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 of this Committee's services is attached at Appendix A. This information has previously been circulated to Members as part of the Members' Newsletter.
- 3.3 A summary of the income and expenditure for this Committee's services compared to the approved budget at June 2011 is as follows:

	Approved Budget @ June 11 £	April to June 11 Budget £	April to June 11 Net Expenditure £	Variance Underspend (-) £
General Expenses	1,939,460	2,348,249	2,553,579	205,330
Special Expenses	606,720	164,913	151,006	-13,907

- 3.4 The above figures show an overspend of £205,330 against the budget to-date for general expenses and an underspend of £13,907 for Special Expenses; reasons being explained in paragraph 3.6 below.

Key Service Areas

- 3.5 The Key Service Areas report is attached at Appendix B with the CSA 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. To enable the position reported to be as up-to-date as possible the key service areas report to the end of July 2011 is attached. 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.

3.6 **Budget Variance Exception Reporting +/- £10k**

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 are also set out below.

3.6.1 Overspends

Rent Rebates – HRA - £12,153

Overspend is due to higher expenditure than budget to date and also the fact that the Council is currently receiving a lower level of subsidy based upon an initial estimate made prior to the financial year and includes subsidy in respect of Non HRA Rent Rebates which is transferred at the year end. This situation will be rectified when the Council submits a mid-year estimate at the end of August. 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

Rent Allowances - £40,003

Overspend is due to higher expenditure than budget to date and also the fact that the Council is currently receiving a lower level of subsidy based upon an initial estimate made prior to the financial year. This situation will be rectified when the Council submits a mid-year estimate at the end of August. 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. The other major variation on this service relates to a higher level of internal recharges outside the control of the budget holder.

Homelessness - £34,634

Overspend to date due to costs arising out of increased levels of homeless activity and includes commitments relating to the use of leased properties for the whole of the financial year. Indications at this stage are that levels of homelessness are increasing. This increase, coupled with limited availability of our own properties and short term lease properties to meet demand, is leading to an unavoidable increase in the use of bed and breakfast. In addition to being very costly in itself, the cost has adverse implications for subsidy as a reduced rate is received. At this stage it is not possible to predict the year end position with accuracy but a meeting is being planned between relevant officers to see if there are any measures that can be introduced to try and mitigate the impact.

Customer Service Centre - £32,775

The majority of the variation on this service is due to internal recharges outside the control of the budget holder.

Commissioning Childrens Services - £161,390

Overspend due to inclusion of commitments for majority of projected activities for the year. In addition reimbursement of expenditure takes place after the end of the relevant quarter and as such the amount due from LCC for April –June 2011 is not yet reflected in the actuals. As all expenditure incurred is reimbursed it is not predicted that there will be any issues with this service at the year end.

Council Tax Benefit - £17,382

Overspend is due to higher expenditure than budget to date and also the fact that the Council is currently receiving a lower level of subsidy based upon an initial estimate made prior to the financial year. This situation will be rectified when the Council submits a mid-year estimate at the end of August. This service is subject to monthly monitoring and any variances acted on accordingly. 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.

3.6.2 Underspends

Waterfield Leisure Pools - £41,428

Underspend is due to invoices awaited from contractor for NNDR, management fee and outstanding car park refunds reimbursements. As these invoices are within agreed budgets no variation is predicted at the year end.

Supporting People - £27,998

Underspend is due to the fact that invoices in respect of the Harborough Control Centre charges are awaited and also payments of supporting people grant are currently more than the year to date budget. As these are within agreed budgets no variation is predicted at the year end

Community Safety - £15,457

Underspend to date relates to delays in the commencement of community safety initiatives. However, these projects are fully committed and expenditure will be incurred in the remainder of the financial year. As these are within agreed budgets no variation is predicted at the year end

Town Area Community Centre - £10,748

Underspend relates primarily to reserve creditors made for energy costs in a prior year where an invoice from suppliers is expected in due course.

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 There are no 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.

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Date: 09.08.11

Appendices: Appendix A – Summary of Income & Expenditure
Appendix B – Budget Monitoring – Key Services Areas

Background Papers: Oracle Financial Reports
Budget Holder Comments on Performance

Reference: X:\Cttee,Council & Sub Cttees\CSA\2011-12\210911/Budget Monitoring
April to June 2011