

AGENDA ITEM 6

RURAL, ECONOMIC & ENVIRONMENTAL AFFAIRS COMMITTEE

4th September 2013

REPORT OF HEAD OF CENTRAL SERVICES

BUDGET MONITORING APRIL TO JUNE 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 1st April 2013 to 30th June 2013

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 2013 is as follows:

	Approved Budget @ June 13 £	April to June 13 Budget £	April to June 13 Net Expenditure £	Variance Underspend (-) £
General Expenses	2,714,540	803,949	850,585	46,636

- 3.4 The above figures show an over spend of £46,636 against the budget to-date for general 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 REEA 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.

Budget Variance Exception Reporting +/- £10k

3.6 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

Waste Management £55,373

There has been a delay in raising the debtor invoices relating to sale of commingled waste and the income from green waste. This is due to the percentage split for an average tonne of co-mingled recyclable materials and material categories only being agreed in July and the credit sheets required to allow green waste adjustment invoices to be raised have not yet been received from LCC. Invoices will be raised in July. The shortfall also comprises a sum of £44k due from Biffa as the end-of –year 'top up' to fulfil the guarantee that was built into the change of service agreement for 2012/13. This has not yet been received and discussions are underway regarding its method of calculation in order to define the precise sum.

In the first quarter, the actual tonnages of commingled recyclable materials received were slightly above that expected. The Green Waste Club is also performing well with over 7000 subscribers (over 33% of the Boroughs residents).

Based on present values it is anticipated that the budget expectations will be met at year end when taken as a whole. Whilst there is an emerging shortfall in terms of contract costs for new houses and a potential over-estimation of the total tonnage of recycling material, and uncertainty regarding the residual 'top up' sum for 2012/13, current trends indicate that these will be counter balanced by careful management of supplementary cleansing costs, increased levels of green waste credits and increasing recycled commodity values.

Cattle Market £49,394

There was a delay in receiving April's income due to a discrepancy which has now been resolved. Therefore, no income from cattle market partners showing in the first quarter. However, information has been received from the partners showing what the income will be for the first quarter. The income, particularly from animal auctions, is declining and is currently showing a 5.6% decline in total income for the same period in 12/13. The budget for 13/14 was increased from 12/13 as advice from the cattle market partners at the time was that the income would meet that of 11/12. However, a decline started at the end of 12/13 and has continued into 13/14. The cattle market partners have provided some comments as to the reasons, which include: a fall in throughput, decline in prices, weather conditions such as a wet spring, the tightening of TB regulations which is affecting cattle and a general decline. The partners have advised that the first week in July has seen an increase in the number of sheep compared to the same week in 2012 and the partners hope that throughput figures will increase across the board over the coming year. Current expected shortfall at year end is £40,000.

Development Control £87,704

The overspend shown is due to the costs of the Wind Farm Public Inquiry in May. It was agreed at PFA on the 10th July 2013 that the requested carry forward from 2012/13 be given to cover these costs and a further supplementary estimate was approved. It was also approved that up to a further £30k supplementary estimate may be requested by the Head of Regulatory Services to cover any additional costs that may arise due to the adjournment of the appeal.

3.6.2 Underspends

Environmental Health £10,536

An underspend is shown due to funding received from the Department of Energy and Climate Change for a green deal show home for which the budget was split evenly across the year. However, expenditure began in July 2013 and the budget is to be reprofiled to reflect this. EPA Income has also contributed to the overall underspend as the budget is to be profiled to reflect the timing of income, i.e. all received in the first quarter.

Building Control £11,342

The income for inspection fees in the first quarter is above the approved budget. It is anticipated that the income will even out over the year and will therefore achieve budget at year end.

Local Plans £64,729

The underspend is due to the Melton Local Development Framework expenditure not yet profiled to reflect the spending patterns for the year.

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: 24.07.13

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/REEA/2013-14/04 09 13/Budget
Monitoring April to June 2013