

AGENDA ITEM 6

RURAL, ECONOMIC & ENVIRONMENTAL AFFAIRS COMMITTEE

2nd SEPTEMBER 2015

REPORT OF HEAD OF CENTRAL SERVICES

BUDGET MONITORING APRIL TO JUNE 2015

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 2014 to 30th June 2015.

2.0 RECOMMENDATION

- 2.1 It is recommended that the financial position and year end forecast on each of this Committee's services to 30th June be noted.
- 2.2 It is recommended that Members approve utilisation of the Local Development Framework (LDF) reserve for an additional £30k to fund Local Plans expenditure, subject to approval from the Policy, Finance & Admin Committee. (paragraph 3.6.1 refers)

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 2015 is as follows:

	Approved Budget @ June 15	April to June 15 Budget	April to June 15 Net Expenditure	Year to date Variance Underspend (-)	Year End Forecast	Year End Variance Underspend (-)
	£	£	£	£	£	£
General Expenses	2,987,600	656,872	390,729	-266,143	3,036,830	54,230

- 3.4 Whilst it is noted that the current variance is an underspend of £266k (£160k of which is controllable), it is estimated that there will be a potential year end overspend of £54,230 against the approved budget to-date for general expenses. The main reason for the shift in the predicted variances are due to a number of movements which are expected later in the year as explained in paragraph 3.6 below. Other reasons for the

current year underspend include reserves relating to 2014/15 for which invoices have not yet been received and the profiling of budgets.

Key Service Areas

- 3.5 The Key Service Areas report for July for those services within the remit of the REEA committee is attached at Appendix B. This report is presented to 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 more significant year end forecast variations +/-£10k (as shown in Appendix A) are also set out below:

3.6.1 Overspends

Environmental Health £18,460 and Licensing £8,530

These budgets show a significant overspend arising from the changes to resource allocation and delivery of Licensing and Enforcement Services agreed by PFA on 7th July 2015. These include significant redundancy costs that have been met from these budgets. It is anticipated that the funding for these overspends can be largely met from within existing budgets, therefore it is unlikely that a supplementary estimate will be required later in the year. Members should also be aware that budget projections on licensing income have been affected by the delay on implementation of increases to Taxi Licence fees owing to the receipt of objections. Item 8 of this agenda addresses this issue.

Waste Management £80,030

The value per tonne of commingled waste has declined further to £44.49 in quarter 1 and £39.86 in quarter 2 against a budgeted value of £62. Based on the estimated number of tonnages a shortfall of £111k is anticipated. This assumes that the value for quarter 2 remains for the rest of the year, however there are early indications that the value will increase which could reduce the predicted shortfall.

It is anticipated that the Baxters inflation adjustment will be a reduction of approximately -0.45% against a budgeted increase of 1%; this is still to be finalised with the contractor. This would see a reduction in the core contract cost which would help to partially offset the shortfall in income above and is reflected in the estimated year end variance.

Local Plans £33,520

Specialist consultants will be commissioned to carry out a Sustainability Appraisal of the Local Plan as approved by Management Team. This will help to ensure the Local Plan timetable is on track and ensure a robust Sustainability Appraisal process which is crucial to a "sound" Local Plan. It is anticipated that the additional £30k will be allocated from the LDF Reserve and therefore there will be no net budget impact at the year end should this be approved.

Environmental Maintenance £10,060

The use of standby staff to assist with the workload over the spring and summer months, to ensure that appropriate standards are maintained, has lead to an overspend on employee related costs. This situation is currently being reviewed with a

to determine the long term needs of the service. It is expected that the current predicted overspend can be met from within existing budgets.

3.6.2 Underspends

Cattle Market Re-Development £66,890

The re-development project is moving towards the stage where costs can be capitalised and therefore an underspend on the revenue budget is predicted. However, delays in either the construction or funding would have a negative impact on the budget.

Development Control £46,520

Income has exceeded budget expectations due to the number and nature of applications received. It is anticipated that £30k additional income will be achieved and this is being closely monitored and reported to Management Team on a monthly basis. The remaining underspend relates to vacant posts which are expected to be filled later in 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 section 3.

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.

Contact Officer: Natasha Bailey
Date: 07.08.2015
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/2015-16/02 09 15/Budget
Monitoring April to June 2015