

# AGENDA ITEM 7

## RURAL, ECONOMIC & ENVIRONMENTAL AFFAIRS COMMITTEE

5<sup>th</sup> MARCH 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<sup>st</sup> April 2013 to 31<sup>st</sup> December 2013

#### 2.0 RECOMMENDATION

- 2.1 *It is recommended that the financial position on each of this Committee's services to 31<sup>st</sup> 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 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 December 2013 is as follows:

	Approved Budget @ December 13 £	April to December 13 Budget £	April to December 13 Net Expenditure £	Variance Underspend (-) £
General Expenses	2,837,820	2,251,164	2,105,303	-145,861

- 3.4 The above figures show an under spend of £145,861 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 which are expected to affect the year end position are also set out below.

### 3.6.1 Overspends

#### Waste Management £88,673

There has been a delay in raising the debtor invoices relating to sale of commingled waste and the credits for both dry recycling and green waste. The shortfall in income also comprises a sum of £44,000 relating to 2012/13 'top up tonnages' for which a reserve debtor was raised. It is expected that at least some of the shortfall, should it arise following negotiations, can be offset by savings due to good levels of bin stock which has led to a lower need to purchase bins and savings from contractor costs due to the level of Variation Orders remaining low. Providing that current levels of income continue, and excluding the top up tonnages, it is expected that budget should significantly, if not fully, be met.

#### Cattle Market £22,479

The income, particularly from animal auctions, continues to decline and is currently showing a 10% decline in income when compared to the same period in 12/13. The budget for 13/14 was increased due to advice received from the cattle market partners re projected income levels. However, a decline started at the end of 12/13 and has continued into the current year. The cattle market partners have provided some comments as to the reasons, which include: number of fat cattle are restricted by TB; stocks are being sold at a lower value; consistent wet weather which impacts on the quality of stock; and the volatility of the euro which has impacted on exports and the amount that foreign purchasers are willing to pay. The tavern and exhibition hall income also continues to decline and consideration is being given to a reduced fee arrangement. Any revised agreement would start with effect from 1<sup>st</sup> November 2013. Current expected shortfall at year end is approximately £64,000.

#### Environmental Maintenance £11,078

Overspend mainly due to long term sickness and absence of three employees which has led to the use of temporary employees. Virements will be completed where available but it is expected that there will be an over spend in the region of £8,000 at the year end.

### 3.6.2 Underspends

#### Development Control £92,570

Income received to date has exceeded budgeted expectation due to a number of major applications and a number of larger inquiries. It is expected that income will exceed budget at the year end, with the latest prediction being that up to an additional £40,000 will be achieved.

Other factors leading to the overall underspend to date are profiling issues, such as the final invoices for the wind farm public inquiry have not yet been received and a delay in the invoice from Leicestershire County Council re the service level agreement for ecology and archaeology advice.

#### Local Plans £124,813

The underspend relates to the abandonment of the Core Strategy and commencement of work on a new Local Plan. It is therefore anticipated that, due to the timing of the works, there will be an overall underspend against budget at the year end. However,

due to the use of the Local Plan Reserve, this will mean that there will be no budgetary impact, and a lower amount will be taken from the reserve at year end.

#### **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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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:/Ctee, Council & Sub Cttees/REEA/2013-14/05 03 14/Budget  
Monitoring April to December 2014