

EAST LONDON WASTE AUTHORITY

21 JUNE 2010

FINANCE DIRECTOR'S REPORT

BUDGETARY CONTROL REPORT TO 30 APRIL 2010	FOR INFORMATION
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1 Introduction

- 1.1 This budgetary control report compares ELWA's actual expenditure for the month ended 30 April 2010 with the original revenue estimates approved in February 2010 and is based on information supplied by Shanks East London and the four Constituent Councils.
- 1.2 Budgetary control reports are presented for monitoring and control purposes.

2 Revenue Estimates

- 2.1 Based on the profiled budget of £4,715,000 and the actual net expenditure on services of £4,666,000, the underspend for the period is £49,000 (see Appendix A). This is the first month of the new 2010/11 financial year and therefore definitive trends on key income and expenditure drivers are difficult to establish at this stage.
- 2.2 The main variation relates to the payment to Shanks East London which is lower than that anticipated in the Annual Budget & Service Delivery Plan by £51,000. This is because the actual insurance premium charged for 2010/11 is £50,000 less than budget. This is as a result of effective negotiations with Shanks East London to minimise the extent of any increase in our premium.
- 2.3 Regular monitoring indicates that the level of waste tonnage appears to be increasing and this may well be an ongoing trend for the 2010/11 financial year. Such a trend will inevitably create an additional financial pressure to the Authority that will need to be closely reviewed and appropriate action taken to minimise additional costs.
- 2.4 Other costs consist of Service Level Agreement costs for all four boroughs, recycling initiatives, office and administration costs, rates, pumping, trade effluent charges and various other expenses. Costs are profiled evenly throughout the year and actual costs incurred have been lower than this profiled monthly budget figure for April.
- 2.5 ELWA's Contingency sum for 2010/11 of £150,000 has already been allocated for the year. This emphasises the importance of robust monitoring of the financial position throughout the year so as to ensure that remedial action can be swiftly taken on areas of overspend or insufficient income collection.
- 2.6 Any revenue under-spend for the year will be added back to Revenue Reserves at the end of the year.

3 Prudential Indicators

- 3.1 The Authority sets Prudential Indicators covering borrowing, lending and capital expenditure limits. These are monitored by the Finance Director on a monthly basis and the Authority remains within the limits set by the Prudential Indicators.
- 3.2 Members approve the Treasury Management Strategy, including borrowing and investment strategies, on an annual basis. Members agreed the current Treasury Management Strategy at your meeting in February 2010. Within this, the investment strategy defines a comprehensive and rigorous range of credit rating criteria.
- 3.3 Since your meeting in February, officers have continued to work to ensure that the highest quality of institutions are used when investing so as to continue to have an unremitting focus on security.
- 3.4 In order to maintain flexibility in an environment where investment opportunities are limited, the lending list is reviewed regularly. Lending limits for the highest rated counterparties have been increased in order to allow us to take advantage of slightly higher interest rates for deposits with terms of 6 months to one year. In addition Officers have looked at opportunities to extend the lending list to include a few very secure foreign banks in order to increase the lending options for the Council during 2010/11.
- 3.5 At this stage it is projected that investment income and borrowing costs will be in line with the budget at the year-end. The position will continue to be kept under close review and any further variances reported to Members at the earliest opportunity.

4 Recommendation

- 4.1 Members are asked to note this report.

Geoff Pearce
FINANCE DIRECTOR

Appendix

A Budget Monitoring Statement to 30 April 2010

Background Papers

None