

EAST LONDON WASTE AUTHORITY

27 SEPTEMBER 2010

FINANCE DIRECTOR'S REPORT

BUDGETARY CONTROL REPORT TO 31 AUGUST 2010	FOR INFORMATION
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1 Introduction

- 1.1 This budgetary control report compares ELWA's actual expenditure for the five months ended 31st August 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 £21,658,000 and the actual net expenditure on services of £21,814,000, the over spend for the period is approximately £160,000 (see Appendix A).
- 2.2 The main variation relates to the payment to Shanks East London, which as advised is higher than that anticipated in the Annual Budget & Service Delivery Plan due to higher delivered tonnages from the boroughs (approximately 1% for the period) and reduced diversion performance [further details are within the contract management report]. As reported earlier in the financial year this is partly mitigated by the actual insurance premium charged for 2010/11 being £50,000 less than budget and this was as a result of effective negotiations with Shanks East London to minimise the extent of any increase in our premium. There has also been adverse variation in respect of interest receivable. This is because cash flow was lower than expected.
- 2.3 ELWA's Contingency sum for 2010/11 of £150,000 has already been allocated for the year. It is important that there is robust monitoring of the financial position throughout the year so as to ensure that remedial action can be swiftly taken. Such action may become necessary particularly if the current trend on delivered tonnages continues.

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. This is to ensure the focus is 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. No breaches of Treasury strategy occurred during the period and a prudent lending policy is operated on a day to day basis.

4 Recommendation

4.1 Members are asked to:-

(a) note this report.

Geoff Pearce
FINANCE DIRECTOR

Appendices	
A	Budget Monitoring Statement to 31st August 2010
Background Papers	
None	