

EAST LONDON WASTE AUTHORITY

7 FEBRUARY 2011

FINANCE DIRECTOR'S REPORT

BUDGETARY CONTROL TO 31 DECEMBER 2010	FOR INFORMATION
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1 Introduction

- 1.1 This budgetary control report compares ELWA's actual expenditure for the nine months ended 31st December 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 £582,000 and the actual net expenditure on services of £529,000, the variance for the period is approximately £53,000 under budget (see Appendix A).
- 2.2 Payments to Shanks East London had previously shown a higher than anticipated level of expenditure due to greater delivered tonnages from the boroughs. This has been offset by landfill diversion performance, which has continued to improve on a monthly basis resulting in a favourable current variance. The ELWA Contract Manager advises that tonnage levels are volatile and this budget will continue to be closely monitored in order to proactively manage any pressure that may arise.
- 2.3 A beneficial impact of the increase in tonnages discussed in paragraph 2.2 is that there is a greater than budgeted level of commercial waste income. LB Havering and LB Barking & Dagenham have continued to use this facility but were not included within the original budget due to their request to withdraw from the service.
- 2.4 There continues to be an adverse variation in respect of bank interest receivable. This is because interest rates have remained lower than those estimated when the budget was agreed.
- 2.5 Supplies and Services - Other Costs is currently showing an overspend relating to Consultancy Fees for Landfill Strategy and Project Orange. The rest of this budget includes Service Level Agreement costs for all four boroughs, recycling initiatives, office and administration costs, rates, pumping, trade effluent charges and various other expenses. These items are forecast to meet the budgeted target.
- 2.6 ELWA's Contingency sum for 2010/11 of £150,000 has already been allocated for the year. Robust monitoring of the financial position will continue throughout the year so as to ensure that any remedial action if needed can be swiftly taken. Such action may become necessary should performance levels fall and delivered tonnages increase further.

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. Details are within the Treasury Management Strategy 2011/12 report elsewhere in the Agenda.

4 Recommendation

4.1 Members are asked to note this report.

Geoff Pearce
FINANCE DIRECTOR

Appendices	
A	Budget Monitoring Statement to 31December 2010
Background Papers	
None	