
REPORT TO THE MEETING OF THE EXECUTIVE 4 FEBRUARY 2015**PORTFOLIO: FINANCE****REPORT FROM HEAD OF FINANCE****SUBJECT: QUARTER 3 - 2014/15 FINANCIAL MANAGEMENT REPORT****1 DECISION BEING RECOMMENDED**

- 1.1 To note the current year-end forecasts for the revenue budgets of the Council based on financial performance in the period April - December of the financial year 2014/15, as shown in Appendix 1.
- 1.2 To note the current financial performance on key financial indicators, as shown in Appendix 2.
- 1.3 To note and agree the Quarter 3 Capital Monitoring Report in Appendix 3.

2 REASONS FOR RECOMMENDATION

- 2.1 The purpose of this report is to provide Members with the latest forecast for the General Fund revenue budgets for the end of the year compared to the revised budgets agreed in December 2014. The General Fund is split into cost centres such as Financial Services and Environmental Health and the forecasts for each cost centre are detailed in Appendix 1. These forecasts for the end of year position are based on the information available as at the end of December 2014.
- 2.2 Within the cost centres, there are budget headings which are considered significant to the overall financial position of the authority. An example of this would be salaries which account for £6.8m of total expenditure or significant income streams such as planning fees or parking. These key financial indicators are summarised in Appendix 2.
- 2.3 The Council has strong budgetary control arrangements with the Finance team working with departmental officers to identify potential overspends or under recovery of income. Overspends are usually covered by virements from other budgets. The commentary in Appendix 1 does not attempt to cover all the budgetary changes as cost centres may have over 30 different budget lines, but it draws attention to the key factors affecting the net expenditure for that cost centre. If the variance is under £5,000, there is no commentary. Some of the forecast under spends are due to staff vacancies which have either been filled or are being held vacant pending budget decisions. The Portfolio Holder for People and Technology receives quarterly reports on staff vacancies, long term sickness and maternity leave.

- 2.4 The Quarter 3 Capital Monitoring Report provides Members with an up to date position on how projects funded through the capital programme are progressing.

3 OVERALL FINANCIAL POSITION

- 3.1 The results to the end of December 2014 indicate that for the General Fund, the year-end position is forecast to meet the revised estimate of £10.394m, whilst also being able to contribute in the region of a further £285,000 to the General Fund reserve.

- 3.2 The main factors that are reducing the overall net expenditure are:-

- Income from Local land Charges is forecast to be £5,000 higher than revised budget.
- Income from Planning Applications is forecast to generate an additional £80,000.
- Income generated from Pre Application Planning Advice is expected to be £10,000 higher than revised budget.

The main factors that are increasing the overall net expenditure are:-

- Income from Building Control is expected to be below revised budget by £30,000.
- Income from Pay & Display machines is not expected to meet revised budget, forecasted income is expected to be under budget by around £45,000.

The following table compares income received in the District's car parks for 2014/15 against 2013/14:-

Car Park	Financial Year	Income received Q1 £	Income Received Q2 £	Income Received Q3 £	Income Received Q4 £
Websters Way	2013/14	100,416	105,089	97,206	118,716
	2014/15	101,998	116,798	124,218	
Castle Road	2013/14	33,633	33,527	34,242	34,117
	2014/15	30,696	33,736	38,311	
Back Lane	2013/14	26,774	26,989	26,619	27,107
	2014/15	24,981	28,352	31,872	
Market	2013/14	14,355	14,958	15,408	16,590
	2014/15	15,382	17,628	18,580	
Bellingham Lane	2013/14	32,198	34,685	31,733	32,460
	2014/15	31,292	34,545	36,682	
Southend Road	2013/14	10,334	9,926	9,995	10,007
	2014/15	10,390	10,780	12,803	
The Approach	2013/14	2,689	4,074	4,514	5,715
	2014/15	3,119	3,540	3,982	
Hockley Woods	2013/14	1,918	3,076	1,250	1,296
	2014/15	2,225	3,625	3,985	
Freight House	2013/14	3,331	2,431	2,941	3,030
	2014/15	3,108	2,270	3,705	
Old Ship Lane	2013/14	1,591	1,522	1,372	1,405
	2014/15	1,454	2,278	2,236	
Unallocated Receipts	2014/15	14,926	17,482	24,151	

3.3 **Details of Amounts to be approved for Write Off**

3.4 As part of this report Members are given information on the amount of outstanding money approved for write off during the reporting period. The Chief Finance Officer is authorised to write off amounts due or claimed by the Council up to £5,000 and, after consultation with the Leader of the Council, between £5,000 and £15,000. Amounts over £15,000 must be reported to the Executive.

3.5 The total amounts written off for the period April 2014 – December 2014 are:-

Council Tax £16,160

Business Rates £109,943

Housing Benefit £29,076

Car Parking £4,905

Housing £8,624

4 **2014/15 QUARTER 3 CAPITAL MONITORING**

4.1 This provides an update on the financial progress in completing the Capital Programme for 2014/15, which is shown in the appendix 3 to this report. The current Capital Programme for 2014/15 was agreed by Council on 29 July 2014.

4.2 The appendix shows that, in financial terms, 44% of the planned expenditure has been completed.

4.3 The main areas of spend in 2014/15 are the purchase of fleet vehicles and wheeled bins in connection with the newly negotiated refuse contract. The management plan for Cherry Orchard Country Park is currently under review.

4.4 The Capital Programme is funded by grants, capital receipts from proceeds of a VAT Shelter arrangement and the sale of council housing under a sharing arrangement with Rochford Housing Association.

5 **CONTRACTS FOR TENDER**

5.1 There are no contracts due to be competitively tendered in quarter 4 2014/15.

6 **RISK IMPLICATIONS**

6.1 Current general economic conditions still have the potential to adversely affect some of our major income streams, such as parking, Building Control and Development Management income. Further falls in activity may lead to further reductions in income. Benefits activity has increased which may increase expenditure on processing claims if turnaround times are to be maintained. Changes to benefits may increase the number of homeless.

- 6.2 Changes to legislation, economic factors and external funding can put pressure on resources. Regular monitoring of those budgets with the higher risk considerations will assist in controlling resource risk.
- 6.3 Delays in completing the items on the Capital Programme could prevent the Council from achieving its strategic objectives and lead to adverse publicity.
- 6.4 Accuracy of forecasting revenue income streams could prevent the council from meeting its revised budget. Unknown events such as severe weather can impact income streams like car parking; such events are very hard to build into budget setting processes.

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.

SMT Lead Officer Signature: Y. Woodhead

Head of Finance

Background Papers:-

None.

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If you would like this report in large print, Braille or another language please contact 01702 318111.

FINANCIAL MANAGEMENT REPORT

FORECAST YEAR-END POSITION FOR 2014/15 AS AT END OF DECEMBER 2014

PORTFOLIO HOLDER: LEADER, CLLR TERRY CUTMORE

Service Area	Head of Service	2014/15 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Chief Executive's Office	A Dave	177,600	174,256	(3,344)	
Conducting Elections	A Dave	119,900	118,548	(1,352)	
Registration of Electors	A Dave	71,700	67,256	(4,444)	
Corporate Management	A Dave	175,900	172,139	(3,761)	
Senior Management Team	A Dave	663,200	658,361	(4,839)	

***Note** As part of the budget setting process, a target salary savings is set based on expected staff turnover. These forecast underspends show the achievement of the salary savings by individual cost centre.

PORTFOLIO HOLDER: FINANCE, CLLR SIMON SMITH

Service Area	Head of Service	2014/15 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Financial Services	Y Woodward	360,200	364,651	4,451	
Audit & Performance Management	Y Woodward	152,100	154,324	2,224	
Information & Support Services	Y Woodward	556,700	528,568	(28,132)	*Note

***Note** As part of the budget setting process, a target salary savings is set based on expected staff turnover. These forecast underspends show the achievement of the salary savings by individual cost centre.

PORTFOLIO HOLDER: ENTEPRISE, CLLR MIKE STEPTOE

Service Area	Head of Service	2014/15 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Estate Management Services	A Bugeja	137,000	135,333	(1,667)	
Economic Development	S Scrutton	244,700	245,421	721	
Off St Parking	S Scrutton	(844,600)	(799,818)	44,782	Income generated from Pay & Display charges is not expected to meet revised budget.
Office Accommodation Rochford	A Bugeja	252,900	241,228	(11,672)	Responsive repairs & maintenance works are not expected to meet revised budget. Budget was kept higher for further potential issues with badgers under the Reception at Rochford. None have materialised.
Office Accommodation Rayleigh	A Bugeja	58,200	55,049	(3,151)	

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PORTFOLIO HOLDER: PEOPLE & TECHNOLOGY, CLLR GILLIAN LUCAS-GILL

Service Area	Head of Service	2014/15 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Customer Services	R Evans	293,700	284,732	(8,968)	*Note
Human Resources	C McClellan	226,100	238,918	12,818	Additional staffing resources compared to those budgeted for to assist with service provision.
Computer Services	S Scrutton	1,170,400	1,094,884	(75,516)	*Note
Communications	C McClellan	81,300	76,982	(4,318)	
Reception	R Evans	143,300	136,139	(6,861)	Forecast spend for telephone maintenance is not expected to match revised budget. Following the implementation of a new telephone system in April, the maintenance budget was expected to be used to cover any unexpected issues that may arise. None are expected now to materialise.

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PORTFOLIO HOLDER: PLANNING, CLLR IAN WARD

Service Area	Head of Service	2014/15 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Building Control Client Account	S Scrutton	231,900	221,515	(10,385)	*Note
Building Control Fee Account	S Scrutton	(230,000)	(200,371)	29,629	Income from Building Control fees is not expected to meet revised budget. This is mainly due to an increase in approved inspectors being used instead of the Councils Building Control service.
Planning Policy	S Scrutton	193,900	196,071	2,171	
Development Management	S Scrutton	116,700	(19,458)	(136,158)	Income from Planning Applications and Pre Application Planning Advice is expected to generate £110,000 more than revised budget. This can be attributed to a couple of larger planning applications being received, as well as signalling a gradual up turn in the economy.

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PORTFOLIO HOLDER: ENVIRONMENT, CLLR KEITH GORDON

Service Area	Head of Service	2014/15 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Parks & Open Spaces	R Evans	934,500	935,022	522	
Environmental Health	R Evans	322,900	258,876	(64,024)	*Note
Public Health	R Evans	28,100	28,089	(11)	
Public Conveniences	R Evans	106,700	102,702	(4,628)	
Street Cleansing	R Evans	857,200	840,457	(16,743)	Income has been generated from recharging costs for dog litter bins; this was unknown at revised budget setting.
Recycling Collection	R Evans	2,722,700	2,717,296	(5,404)	Additional income of around £7,000 will be generated from Bulky Waste collection than budgeted for.
Recycling Disposal	R Evans	(1,220,000)	(1,223,306)	(3,306)	
Depot	R Evans	273,000	273,084	84	
Highways/Roads Routine	R Evans	(24,700)	(77,032)	(52,332)	Income of £50,000 has been received from Essex County Council to assist in Flood Management work within the District.
Coast Protection	Y Woodward	2,100	2,100	-	
Emergency Planning	C McClellan	73,000	67,269	(5,731)	Revised budget includes provision for an additional Emergency On Call Officer; this post has yet to be recruited to.

***Note** As part of the budget setting process, a target salary savings is set based on expected staff turnover. These forecast underspends show the achievement of the salary savings by individual cost centre.

PORTFOLIO HOLDER: GOVERNANCE, CLLR CHERYL ROE

Service Area	Head of Service	2014/15 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Legal Services	A Bugeja	206,800	202,073	(4,727)	
Hackney Carriage	S Scrutton	4,000	1,714	(2,286)	
Licensing	R Evans	(21,500)	(26,101)	(4,601)	
Local Land Charges	A Bugeja	(161,500)	(163,134)	(1,634)	
Council Tax	Y Woodward	(39,500)	(35,404)	4,096	
Housing Benefit Administration	Y Woodward	152,700	157,106	4,406	
Business Rates	Y Woodward	(67,800)	(67,169)	631	
Housing Benefit Payments	Y Woodward	(157,900)	(157,900)	-	
Revenues Investigation Section	Y Woodward	109,500	94,358	(15,142)	*Note
Member & Committee Services	A Bugeja	558,200	562,701	4,501	

***Note** As part of the budget setting process, a target salary savings is set based on expected staff turnover. These forecast underspends show the achievement of the salary savings by individual cost centre.

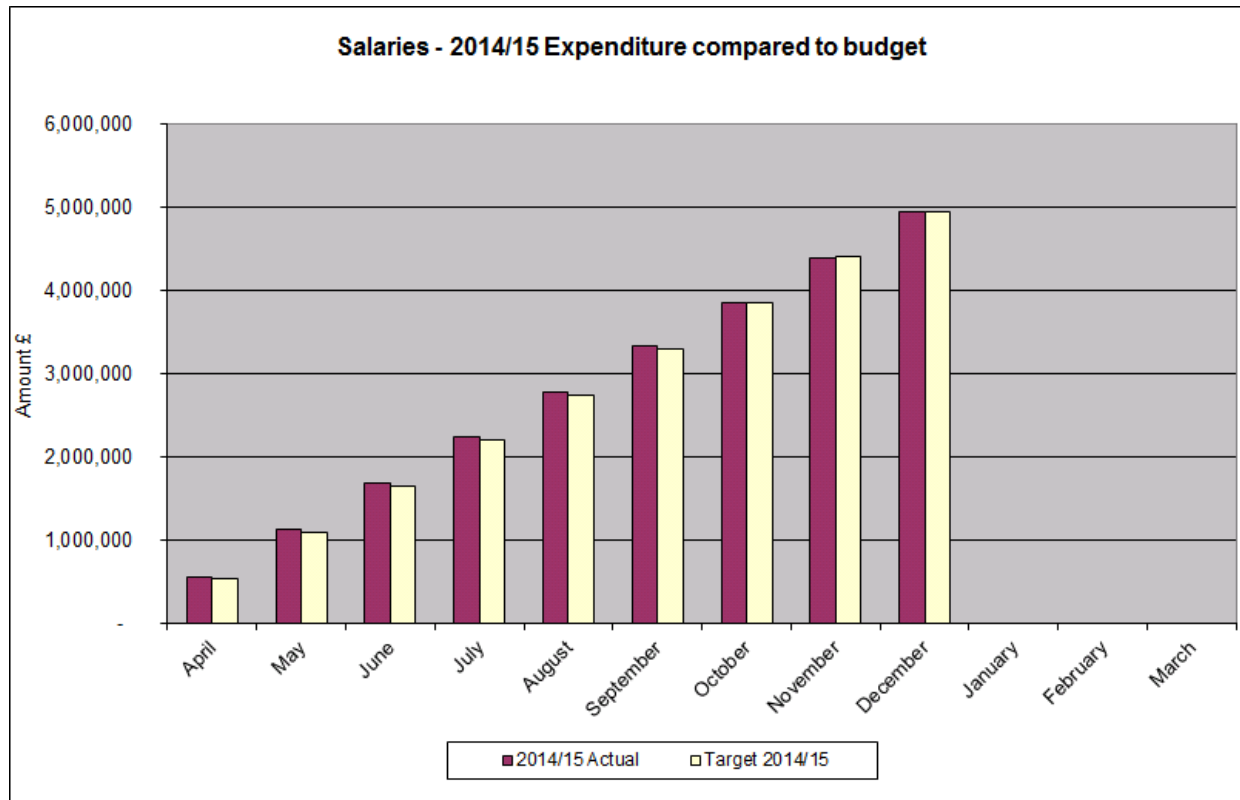
PORTFOLIO HOLDER: COMMUNITY, CLLR JO McPHERSON

Service Area	Head of Service	2014/15 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Cemeteries & Churchyards – Open/Closed	R Evans	(88,200)	(89,863)	(1,663)	
Culture & Heritage – Windmill	R Evans	29,300	25,000	(4,300)	
Leisure Premises	R Evans	1,025,300	1,018,116	(7,184)	The spend against responsive repairs on Leisure Buildings is not expected to match revised budget. This would normally be used for emergency repair works in leisure buildings car parks.
Sports Development & Promotion	R Evans	3,500	3,256	(244)	
Leisure Client Account	R Evans	76,500	75,463	(1,037)	
Housing Strategy	S Scrutton	107,000	96,532	(10,468)	*Note
Private Sector Housing Renewal	S Scrutton	398,000	391,018	(6,982)	*Note
Homelessness	S Scrutton	430,700	425,781	(4,919)	
Community Safety	R Evans	128,700	82,850	(45,850)	*Note

***Note** As part of the budget setting process, a target salary savings is set based on expected staff turnover. These forecast underspends show the achievement of the salary savings by individual cost centre.

FINANCIAL MANAGEMENT REPORT
KEY FINANCIAL INDICATORS AS AT END OF QUARTER 3

Salaries

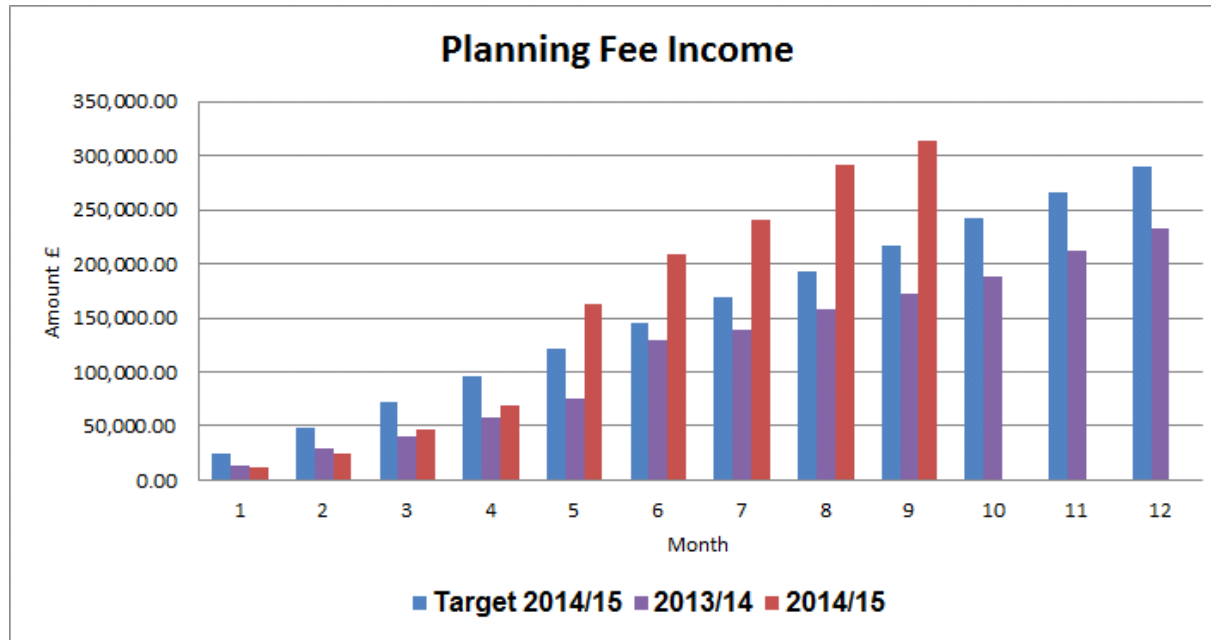


Commentary

Total salaries are estimated at £6.88m.

Expenditure on salaries is managed corporately and will be kept within the overall total. There is a possibility of further savings on salaries depending on staff turnover in the remainder of the year. The original estimate for salaries was £7.13m. The current estimate of £6.8m is due to a number of vacant senior posts not being filled.

Planning Fees



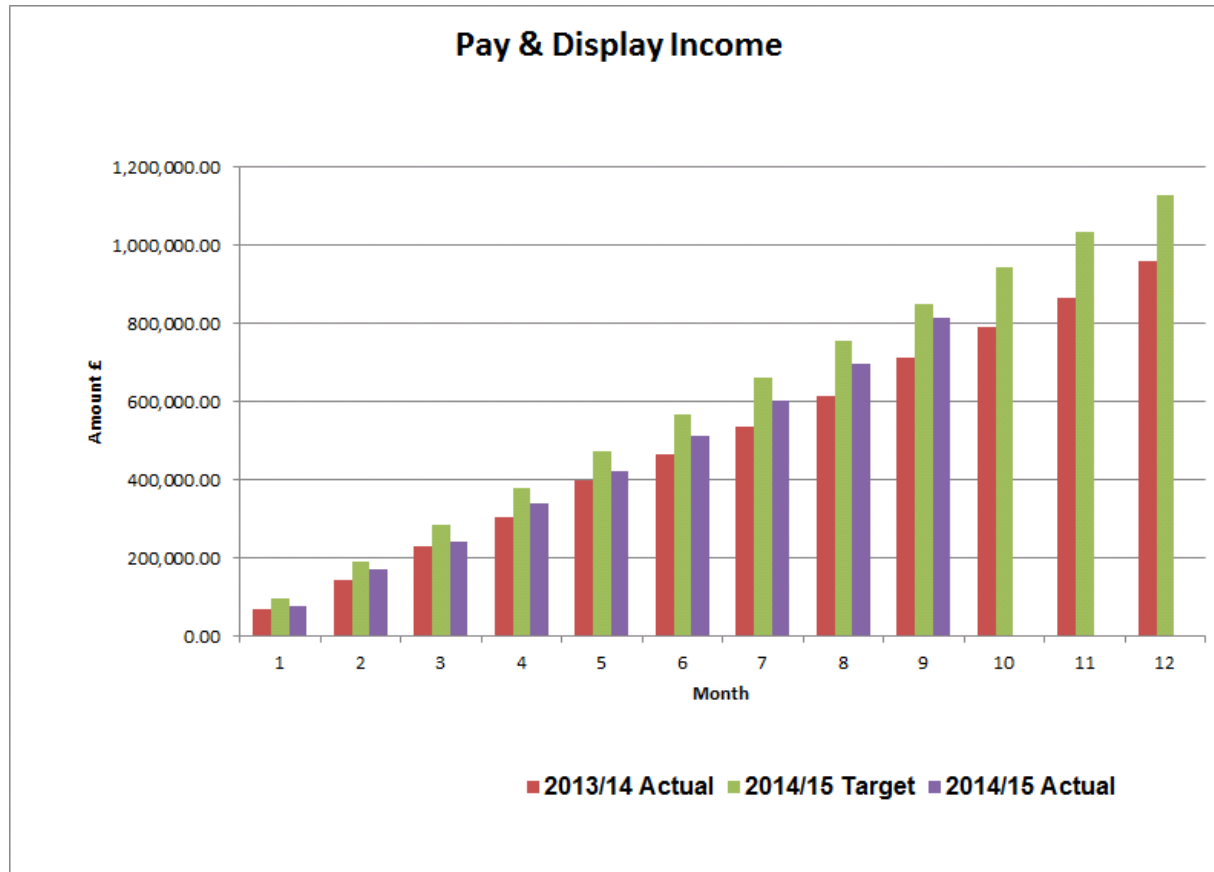
Commentary

The revised budget for planning fees income is £290,000.

At this stage, the year to date position is over budget by £96,352. With this in mind, year end forecasts predict total income to be near £370,000, around £80,000 more than revised budget.

Compared to the same period in previous years, 2014/15 income at £313,852 is up by £141,960 against 2013/14 and up £117,165 against 2012/13.

Parking Fees



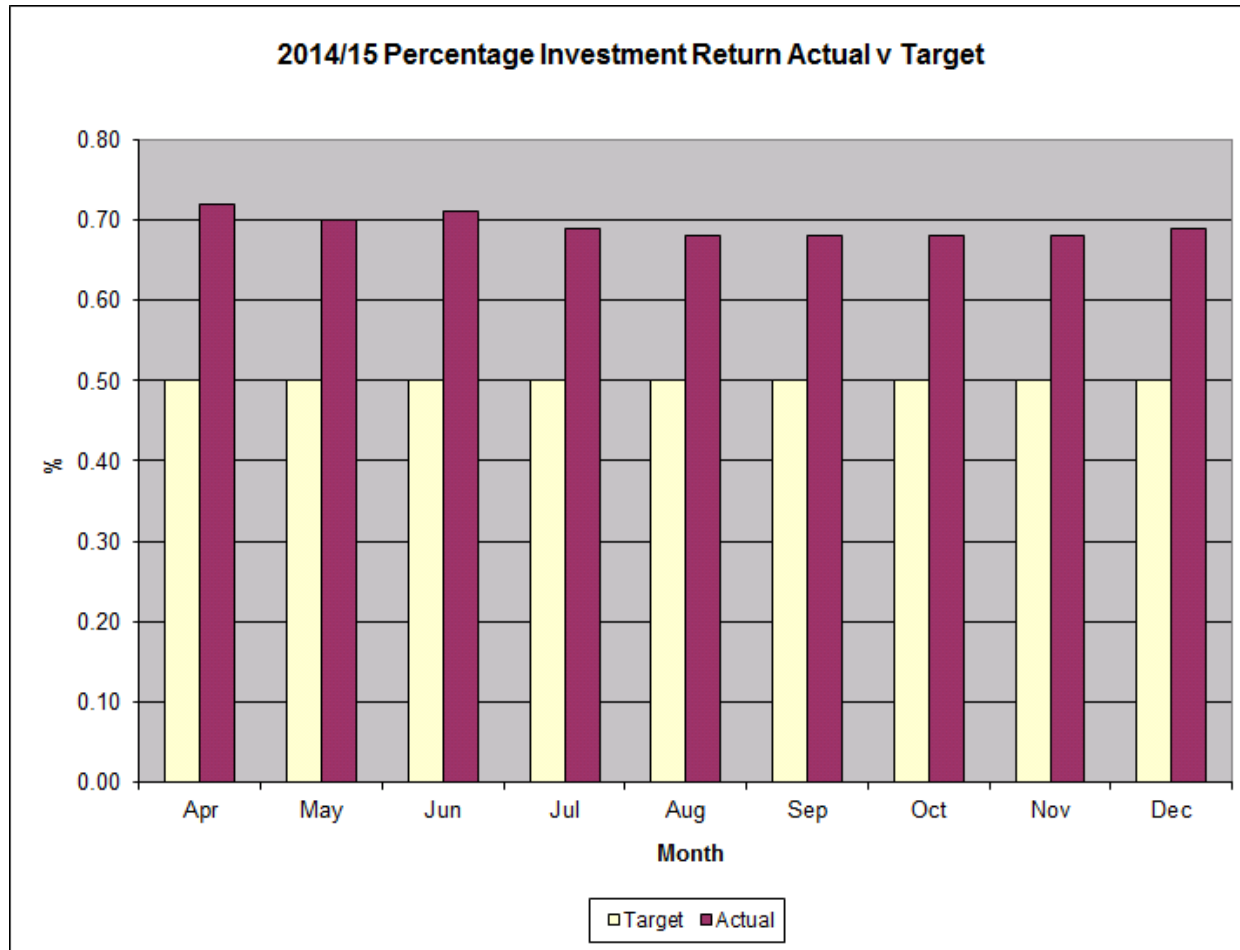
Commentary

The revised budget for 2014/15 is set at £1,128,500.

Income at £812,524 is down against the year to date target of £846,375. This compares to £708,881 for the same period, against a final figure for 2013/14 of £959,324.

The current forecast for the end of year is for actual income to be about £45,000 short of revised budget.

Investment Income



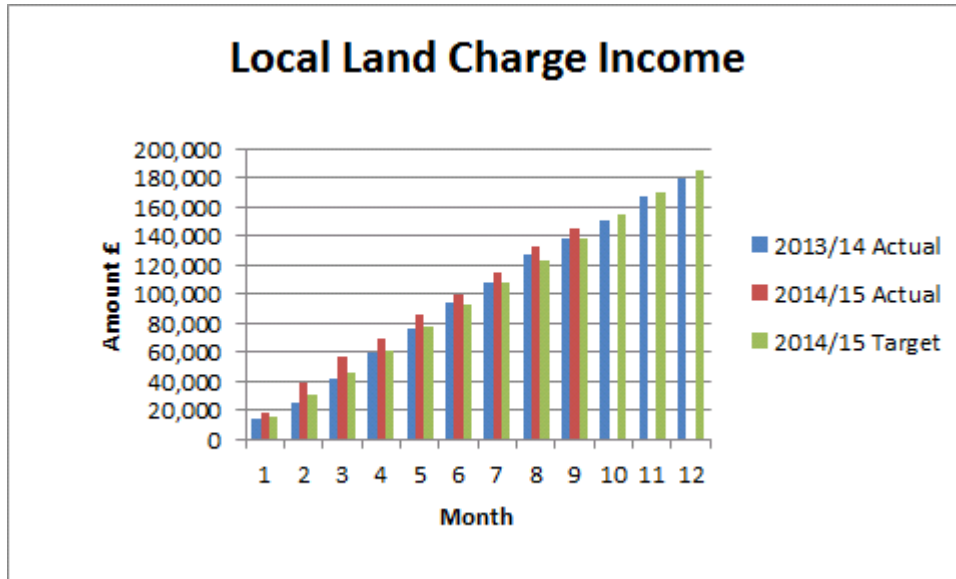
Commentary

The revised estimate for investment income for 2014/15 is £40,000. Current indications are that income from investments will be close to the revised budget set.

Current interest rates are between 0.35% and 0.56% for short term deposits. For 12 months deposit we are currently able to get a maximum rate of 0.95%.

Interest rates are not expected to rise over the remainder of the year. Forecasts suggest that a rise in base rate is unlikely until Q4 2015.

Local Land Charges

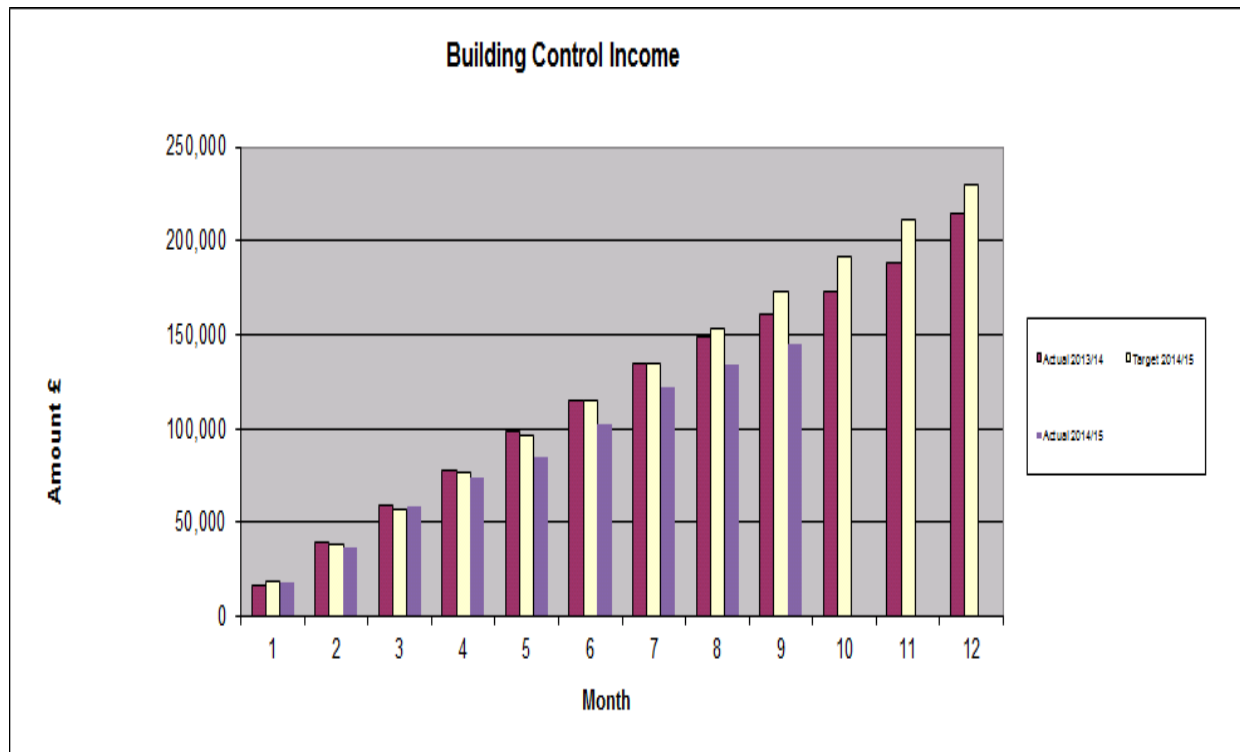


Commentary

The revised budget for 2014/15 is £185,000 and income to date is £145,423 against a year to date target of £138,750.

Income is now forecast to be around £5,000 more than revised budget based on the income received to date.

Building Control Income



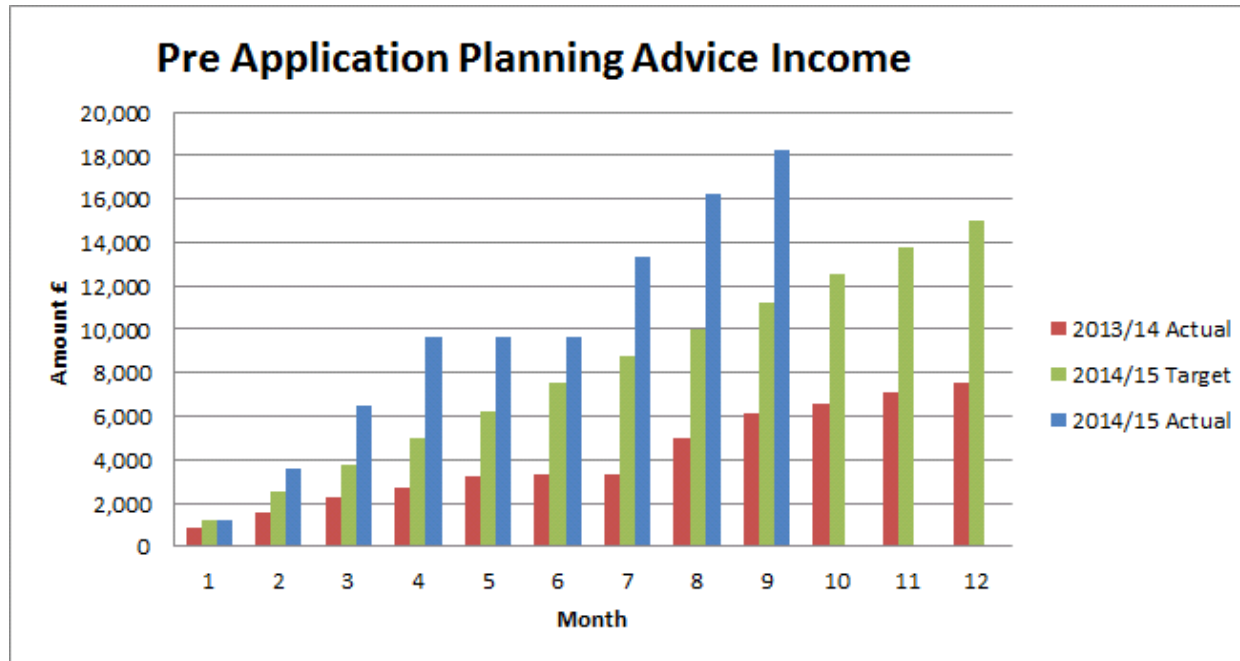
Commentary

The revised budget for 2014/15 is £230,000, income to date is £144,842 against a year to date target of £172,500. This compares to £160,391 for the same period last year.

Total income for the year is not expected to meet revised budget and is forecast to be nearer £200,000

The main contributing factor for this is the option for the public to use approved inspectors rather than Rochford District Councils Building Control Service.

Pre Application Planning Advice



Commentary

The revised budget for 2014/15 was set at £15,000. Current indications are that income will be around £10,000 higher than revised budget.

Income to date is £18,261 compared to a year to date target of £11,250.

QUARTER 3 CAPITAL MONITORING REPORT 2014/15

	Portfolio	Approved 2014/15	Actual 2014/15	Comments
Information & Communications				
ICT Strategy	People & Technology	90,031	89,618	
Vehicles and Equipment				
Wheelie Bins	Environment	158,100	31,332	This is a rolling budget for the replacement of wheelie bins. Remaining balance will not be used in 2014/15 and will be carried forward into 2015/16. Expenditure is likely to increase going forward as new estates come online and the renewal of the waste contract places responsibility for the purchase of new bins on the Council rather than the contractor.
Vehicle Replacements	Enterprise	75,000	67,044	Vehicle replacements to date include a Chipper and caged vehicle for Woodlands and a Depot vehicle. Remaining budget is allocated for the Civic car replacement.
Waste Vehicles	Environment	230,000	225,010	The allocation is for the purchase of fleet vehicles by grant. Expenditure to date is for two freighters which were procured in the previous year due to long lead in times to allow manufacture of the vehicles. A further procurement exercise has commenced with delivery expected in quarter 1, 2015/16.

	Portfolio	Approved 2014/15	Actual 2014/15	Comments
Cemetery Equipment	Environment / Community	20,000	498	To purchase equipment required for the in house cemetery function. Budget was set to cover the purchase of a large storage container; this will now be deferred until 2015/16.
Replacement Telephony System	People & Technology	25,800	24,605	Completed.
Equipment Replacement Programme	Enterprise	28,500	28,493	Actual expenditure will increase due to equipment for individual electoral registration being purchased. This is funded by grant.
Operational Assets				
Cemeteries	Enterprise / Community	80,400	-	Total budget remains within the original approved budget of £547,000. £5,000 spend is expected in 2014/15 for rotivating and seeding works. Remaining budget will be carried forward into 2015/16 pending further Member decisions for the site.
Rochford Offices	Enterprise	41,200	25,938	The actual relates to the installation of air conditioning to the Customer Services and Revenues and Benefits workspaces and for the flat roof upgrade and formation of windows in the external wall of the Data Scanning office. The remaining budget is for roofing works, toilet replacements and door entry locks.

	Portfolio	Approved 2014/15	Actual 2014/15	Comments
Rayleigh Offices	Enterprise	11,000	1,227	Remaining budget is allocated for Structural Roof Repairs and toilet replacements. All works are expected to be completed in this financial year.
Car Parks	Enterprise	26,500	18,371	2014/15 Allocations: £25,000 resurfacing works – Allocated to Back lane car park, to be completed this financial year. £1,500 lighting – Expected to be completed this financial year.
Pavilion Refurbishments	Enterprise / Community	60,000	45,458	£30,000 allocated to refurbish Fairview Pavilion. Additional spend on essential fire safety and exit works at Ashingdon Pavilion.
Mill Tower	Enterprise	0	12,190	External brickwork repointing works required to prolong the life of the building. To be funded from revenue.
Depot	Environment	384,675	60,000	The Depot works project is currently at architectural design stage. Actual spend is for the demolition and provision of temporary accommodation. Remaining budget will be rolled into 2015/16.
Town & Village improvements				
Community Funding	Community	15,000	9,479	Allocations for 2014/15 agreed. £2,407 will remain for a later grant round or to carry forward into 2015/16. Remaining budget will be spent in this financial year.
Signage Enhancements	Enterprise	13,700	2,298	To replace and upgrade street nameplates and highway directional signage to our facilities. Expenditure to be approved by Head of Service. Forecast spend for

	Portfolio	Approved 2014/15	Actual 2014/15	Comments
				2014/15 is £9,000
Parks & Play Facilities				
Play Spaces	Environment	8,500	8,500	Installation of fencing and surfacing at Hullbridge Recreation Ground approved by the Portfolio holder. Hullbridge Parish Council are providing £20,000 match funding for the provision of a skateboard ramp at Canewdon Recreation ground. Budget will be increased by £20,000 when revised.
Cherry Orchard Jubilee Country Park	Environment	262,600	7,945	The Management plan for the Country Park is under review. No further expenditure is expected this financial year, remaining budget will be rolled into 2015/16.
Hockley Woods	Environment	40,000	12,534	Allocation for 2014/15: £20,000 to develop concession facilities £20,000 rolled forward from 2013/14 for staff welfare facilities for which an order has been placed. Remaining budget is expected to be used in this financial year.
Purchase of Land	Enterprise	23,500	0	Proposed allocation carried forward from 2013/14 for fees associated with land purchase.
Parks and Open Spaces Programme	Environment	40,400	21,065	Programme of works approved as follows: Minor improvements to open spaces - £20,000 Essential maintenance works to open spaces - £10,000

	Portfolio	Approved 2014/15	Actual 2014/15	Comments
				£10,400 rolled forward from 2013/14 for portfolio approved programme of bin and bench replacement. Remaining budget is likely to be spent in this financial year.
Leisure Buildings	Enterprise	20,000	39,501	Actual spend is for car park resurfacing works. Budget will be increased when revised, to cover actual expenditure, funded by capital underspends elsewhere.
Ditch and resurfacing works	Enterprise	0	13,770	Special items to be capitalized as the works improve the life of the asset by 5 years of more: Sweyne Park – regrade surface water ditch - £9,600 Rochford Reservoir – desilt inlet area - £1,200 Rochford reservoir – resurface pedestrian pathway - £2,970. All works to be funded from Revenue
<u>Externally Funded Projects</u>				
Home maintenance and Adaptation Grants	Community	70,000	37,368	Spend is demand led
Disabled Facilities Grants	Community	250,000	91,113	Spend is demand led
<u>Total Capital Programme</u>		1,974,906	863,639	43.7% complete