

**REPORT TO THE MEETING OF THE EXECUTIVE 17 JULY 2013**

**PORTFOLIO: FINANCE AND RESOURCES**

**REPORT FROM HEAD OF FINANCE**

**SUBJECT: MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2012/13  
UPDATE**

**1 DECISIONS BEING RECOMMENDED**

- 1.1 That the current position of the MTFS be noted.
- 1.2 That the outline timetable for the 2014/15 budget process be agreed.
- 1.3 That the latest position with regard to the forecasts for local government financing be noted.
- 1.4 That a public consultation in preparation for the budget process be conducted.
- 1.5 That work on a developing a county wide pool be supervised through the Essex Strategic Leaders Finance Group.
- 1.6 That the Grants to Voluntary Organisations be set at Council on 17 December 2013.
- 1.7 That the Council Tax discounts and exemptions as set out in this report be recommended to Council.
- 1.8 That Members determine the preferred option for the funding of the Local Council Tax Support Scheme, in order for the annual review and consultation of the Scheme to go ahead.
- 1.9 That Members identify any initiatives or ideas that they would like brought into the 2014/15 budget process.

**2 REASON/S FOR RECOMMENDATION**

- 2.1 Following the closure of the accounts for 2012/13, the MTFS can be updated and the 2014/15 budget process launched.
- 2.2 This report provides an update on key issues and assumptions that affect the Council's financial planning, including the latest information coming out of the Government's announcements on 26 June of its 2013 Spending Review. This report also seeks the Executive's views on the future funding of the Local Council Tax Support Scheme and changes to the Council Tax Exemptions and Discounts awarded by the Council, as these are key financial factors affecting future financial planning. The report also provides an update on business rates pooling.

- 2.3 The MTFS will continually be updated by officers during the budget process, with updates provided to Members, either by reporting to the Executive or at the Member Awaydays, before next year's budget and revised MTFS is finally approved by full Council in January 2014.

### **3 2012/13 OUTTURN**

- 3.1 The closure of the accounts for 2012/13 means that the MTFS can be updated with the financial results from last year. The General Fund balance as at 31 March 2013 is £880,377, which is reduction of £26,629 against estimates.
- 3.2 There were a number of areas where the final outturn for the year was either above or below budget. The Appendix reports the variances in the same format used for the quarterly Financial Management Report and shows the outturn by cost centre compared to the Revised Estimates and also compared to the forecast outturn in the Quarter 3 Financial Management Report.
- 3.3 Underneath, there is then a breakdown of the main variances for those cost centres. The cost centres include some items not normally reported, because they reverse out later in the Accounts. These items are capital charges, internal recharges, the accrual of holiday carried forward and the accounting entries for pensions under the Internal Accounting Standard IAS19, and these are shown where they have made a significant impact on the individual cost of service.
- 3.4 Across all the cost centres, some variances to be highlighted are:
- £17,470 saved on Human Resources budgets.
  - £57,062 underspend on temporary accommodation as homeless numbers reduced after the budget was revised.
  - Land Charges income was £26,522 below estimate.
  - Cemeteries income was £16,530 better than estimated.
  - Income streams that were below budget included Building Control, which was £32,559 below, planning fees £85,892 below and parking income which was £20,310 below an estimate of £907,190.

### **4 ARREARS AND WRITE OFFS**

- 4.1 Members have previously requested that additional information be provided in the Accounts on the level of arrears and write offs.
- 4.2 In the current economic climate, the Council is continuing to maintain a close watch on the level of arrears and write-offs, as it understands that individuals may be having difficulties.

- 4.3 In 2012/13 the following amounts were written off, compared to the amounts for 2011/12:

<b>Write Offs</b>	<b>2011/12 (£)</b>	<b>2012/13 (£)</b>
Council Tax	21,507	43,435
National Non Domestic Rates	158,311	456,924
Housing Benefits	10,090	115,288

- 4.4 Increased focus on recovery activity, particularly around NNDR, meant that there was an increase in write offs as it became clear that some debts were not recoverable. A summary of write offs will continue to be reported to the Executive during the year as part of the quarterly Financial Management reports.
- 4.5 As at 31 March 2013, the level of arrears has changed from the previous year as follows:

<b>Arrears as at:</b>	<b>31 March 2012 (£)</b>	<b>31 March 2013 (£)</b>	<b>Change (£)</b>
Council Tax	1,063,648	1,230,565	+166,917
National Non Domestic Rates	774,910	497,286	-277,624
Housing Benefits	1,048,182	1,012,008	-36,174

- 4.6 The improvement in NNDR arrears is primarily due to the number of uncollectable debts that were written off during the year.

## 5 CAPITAL PROGRAMME

- 5.1 Expenditure on the Capital Programme was £0.8m, compared to an estimate of £1.4m. The expenditure was funded by £0.2m in grants and £0.6m capital receipts.

<b>What we spent:</b>	<b>Planned £000s</b>	<b>Actual £000s</b>
Vehicles and Equipment	264	127
Hall Road Cemetery extension	40	10
Leisure and Play Facilities	304	177
Private Sector Renewal Grants	104	32
Disabled Facilities Grants	314	222
IT infrastructure	62	45

What we spent:	Planned £000s	Actual £000s
Council properties	272	204
Big Society Grants	42	11
Thames Gateway Energy Schemes	31	9
<b>Totals</b>	<b>1,433</b>	<b>837</b>

- 5.2 The main source of capital receipts is from the sharing arrangements established as part of the Large Scale Voluntary Transfer of the Council's housing stock. The right to buy receipts and VAT Shelter for 2012/13 were £0.5m and VAT Shelter were £126,833, compared to an estimate of £50,000. The detail of the Capital expenditure for 2012/13 and the resulting revisions to the 2013/14 Programme will be reported for approval to Council in July.

The current forecast for Capital Receipt balances over the life of the MTFS, compared to the updated forecast in April 2013, is:

Capital Receipts Forecast Balance carried forward at year end (£000s)					
	2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2017/18 £000s
Forecast as at April 2013	1,385	-	-	-	
Current Forecast	1,855	-	-	-	-

- 5.3 There is a programme of asset disposals with capital receipts programmed as follows, which has not been included in the above forecasts because of the uncertainty over value and timing of receipt:

Year of Disposal	Forecast Receipt
2013/14	£160,000 – £180,000
2014/15	£470,000 - £550,000
2015/16	£570,000 - £70,000

- 5.4 As the Capital Programme has not factored in the above disposals, the following borrowing is identified in the financing of the programme:

	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s
New borrowing	29	133	229	276	245
Total borrowing	29	162	391	661	912

A detailed update of the Capital Programme will be reported to Full Council on 30 July 2013.

## 6 2014/15 BUDGET PROCESS

- 6.1 Work has now begun on preparing the 2014/15 budget. The high level timetable is set out below but detailed project plans and risk assessments are also being updated:

Activity	Date
Budget Consultation	Sept to Dec
Draft Divisional Plans completed	27 Sept 2013
Papers to SMT	30 Oct 2013
Budget SMT	6 Nov 2013
Joint SMT/Executive	15 Nov 2013
NNDR Consultation	10 Dec 2013
Member Awayday	30 Nov 2013
Revised Estimates for 2013/14 agreed by Council 2014/15 Grants to Voluntary Organisations budget set	17 Dec 2013
Budget SMT	8 Jan 2014
Joint SMT/Executive	10 Jan 2014
Member Awayday	18 Jan 2014
Council - Budget Setting	28 Jan 2014
Council – Council Tax	18 Feb 2014

- 6.2 The rest of this report provides updates on some of the major factors which will affect the 2014/15 budget planning.

## 7 GOVERNMENT FUNDING

- 7.1 From 2013/14, the formula grant mechanism was replaced by the Rates Retention Scheme (RRS). 60% of our main funding for 2013/14 comes from retained business rates, with a system of baseline funding levels, top-ups/ tariffs, levies, national shares and safety net. As part of the RRS, Government retained a Revenue Support Grant and for 2013/14 this makes up the remaining 40% of the baseline funding.
- 7.2 In the 2010 spending review the Government published the following totals for local government funding:

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
Formula Grant Total (£bn)	28	25	23.4	23.2	21.9
% reduction on previous year	N/A	-10.7%	-6.4%	-0.9%	-5.6%
RDC Actual Formula Grant (£m)	4.358	3.653	3.249	3.08	2.67
% reduction on previous year		-16.2%	-11.1%	-5%	-13%

7.3 The table shows that there is little correlation between the proportionate cut to the national total and what happens to individual authorities' funding. This is mainly because of movements in and out of the pot of money available for local authorities, for example specific grants and New Homes Bonus.

7.4 Subsequent Government announcements have made further changes to the forecast totals:

- The autumn statement 2011 included a further 2% reduction by 2014/15
- The autumn statement 2012 also included a further 2% reduction by 2014/15

7.5 The 2013/14 Local Government Finance Settlement published in December 2012 included a Provisional Settlement for 2014/15. The table below shows the provisional funding levels.

	<b>2013-14 £m</b>	<b>2014-15 £m</b>
Start Up Funding Assessment*	26,074	23,857
New Homes Bonus	500	800
Capitalisation & Safety Net	125	125
New Homes Bonus	250	250
<b>Total Funding</b>	<b>26,949</b>	<b>25,032</b>

\*The Start Up Funding Assessment (SUFA) is the total of Retained Business Rates and Revenue Support Grant.

7.6 The Chancellor, in his Budget 2013, reduced local government funding for 2014/15 by a further 1%. It is assumed that the 1% reduction for 2014/15 will be met, through a reduction to the Start-Up Funding Assessment (SUFA) figure. As the Business Rates Retention element of the Start-Up Funding Assessment cannot be reduced without significant changes to the system, it would be reasonable to assume the reduction will be made to the Revenue Support Grant (although CLG have not published any figures confirming this).

- 7.7 On 26 June 2013, the Chancellor announced the results of the 2013 Spending Review (SR13) which sets out the Government's spending plans for 2015/16 only. This included reference to a 10% cut to local government funding, with the following totals published:

Spending Round 2013	Baseline 2014/15 £bn	Plans 2015/16 £bn	Year-on-year real change
<b>DCLG Local Government</b>	<b>25.6</b>	<b>23.5</b>	<b>-10%</b>

- 7.8 However, it is important to note that the local government figure in the above table:

- Includes what the Office for Budget Responsibility forecast for localised business rates that local authorities can retain following changes to the local government finance system, which is theoretically then outside the scope of the 10% reduction.
- Does not include Council Tax freeze grant funding.
- The baseline figure above includes grants that have been moved in from other areas making comparison with the original 2010 Spending Review totals difficult.
- The SR13 included the pooling of £3.8bn of NHS funding with local authorities and it is not clear whether or not this has been included in the above baseline; if it has, then the reduction to the SUFA will be higher.

- 7.9 The Chancellor repeated the Government's intention to continue with its austerity package up to 2017/18. This would suggest that similar funding decreases should apply in future years.

- 7.10 Although the SR13 does not include details of the impact on individual authorities, the forecasts for Government funding for the MTFs have been amended as shown below:

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
January 2013	3,083	2,652	2,552,	2,457	2,368	2,282
June 2013	3,083	2,727*	2,409	2,114	1,882	<b>1,676</b>

\*increase is due to anticipated removal of additional small business rate relief that was extended to 2013/14.

## 8 POOLING

- 8.1 As part of the Rates Retention Scheme (RRS), the Government included the opportunity for local authorities to come together to form a 'pool' with a single

tariff or top up. Because of the delays in receiving final details of how the RRS would work and the change to the final levy rate from that quoted in the consultations, the Essex authorities did not pursue the pooling option for 2013/14 but agreed to revisit for 2014/15. Work is now underway to model the financial impact of pooling, either Essex-wide or in a smaller cluster to identify how much additional funding would be retained within the pool which would otherwise have been lost to the levy. The modelling work will be undertaken by LGFutures who worked on 5 pools. The contribution £1,175 from this Council towards the cost will be met from the Finance training budget.

- 8.2 The Essex Strategic Leaders Finance Group (ESLF) was established by the Essex Leaders and Chief Executives to take forward work on financial collaboration across the county. The group proved effective in overseeing the work on the implementation of Local Council Tax Support and sharing the financial gains from the council tax technical changes (see section 11). This group will oversee the work on pooling in order that proposals can then be considered by this Council in due course.

## 9 NEW HOMES BONUS (NHB)

- 9.1 This Government incentive to encourage more homes was introduced in 2011/12. It is based on the increase in new houses and bringing empty homes back into use and the grant matches Council Tax for 6 years, with 80% being received by the district council, as the planning authority, and 20% going to County. The growth in housing is measured from a statistical return which reports the Council Tax Base as at September each year. The NHB for 2013/14 was based on an average Council Tax rate of £1,444 for a Band D.
- 9.2 There is also an additional reward of £350 for each new affordable home and Council provided Travellers' pitch, both of which are measured as at April each year and again split 80:20 to districts and county.
- 9.3 To date, the Council has received the following NHB.

Financial Year	New Homes	Reduction in Empty Homes	Total change in housing	Affordable Homes	Cumulative Amount of NHB Income received in year £000s
2011/12	60	41	101	-	117
2012/13	68	62	130	-	266
2013/14	78	67	145	46	440



- 9.4 The current MTFS was based on the following projections for the increase in homes within the district:

Financial Year	Total change in housing	Affordable Homes	Cumulative Amount of NHB £000s
2014/15	169	30	644
2015/16	189	30	870
2016/17	127	30	1,025
2017/18	96	30	1,027

- 9.5 However, the current statistics indicate that while there has been an increase in the number of properties of 49 (from 34,644 to 34,713), there has been an increase in the number of long term empty homes of 47 (from 271 to 318). This would earn additional NHB of £6,800, compared to the current estimate for 2014/15 of approximately £204,000. This increase in empty homes is an area of concern and officers are reviewing the cases to identify any particular trend. The Head of Community Services is considering instructing a company who offer a specialised service that aims to identify empty homes that are incorrectly classified on a commission only basis – this would be more cost effective than employing additional internal resource to undertake the required visits. The commission is based on the first year of NHB so the Council would receive the full amount in years 2 to 6.
- 9.6 In addition, the number of new Affordable Homes that will earn additional bonus in 2014/15 has fallen from 46 to 13.
- 9.7 The SR13 included an announcement that £400m from NHB will be pooled within the Local Enterprise Partnerships (LEPs) areas. This was part of the Government's response to Lord Heseltine's review, with their creation of a £2bn Single Local Growth Fund (SLGF).
- 9.8 The Government will continue to operate the NHB on a payment by results basis and will be consulting on the mechanism for requiring that a proportion of this funding is pooled by local authorities. LEPs and their member local authorities will then agree how to spend the money.
- 9.9 This is the starting point for the SLGF and it will continue to be at least £2bn every year in the next parliament (Source: HM Treasury "Investing in Britain's Future; June 2013). The total of NHB paid out in 2013/14 was £668m. The £400m is equivalent to 35% of the forecast national total for NHB in 2015/16 of £1.14m.
- 9.10 For the purposes of the MTFS, the forecast NHB has been adjusted by 35% from 2015/16 with the following impact:

	2014/15	2015/16	2016/17	2017/18
Current forecast	644	870	1,025	1,027
Updated forecast	639	559	656	655

## 10 COUNCIL TAX

10.1 The Government plans to set the Council Tax referendum threshold at 2% for 2014/15 and 2015/16. The SR13 also stated that the Government will make “funding available in 2014/15 and 2015/16 for local authorities who choose to freeze their Council Tax”. It is not entirely clear what is required of local authorities to receive this funding, as the Chancellor said within his statement *“we will fund councils to freeze Council Tax for the next two years”*.

10.2 Based on previous Council Tax Freeze Grant offers, this would mean two separate Council Tax freeze offers but, if this is the case, there is a question over how long the funding for each offer will be for. The funding was announced at £833m which would be sufficient funding for at least the following offer:

- 2014/15 offer – funding for two years at 1%
- 2015/16 offer – funding for one year at 1%

10.3 The current MTFS is based on the following assumptions for Council Tax rises:

Year	% Increase	Band D Amount (£)
2013/14	1.969	205.11
2014/15	2.0	209.25
2015/16	2.0	213.39
2016/17	2.0	217.62
2017/18	2.0	221.94

10.4 At this stage, no changes have been made to these figures in the MTFS. The first Budget Awayday will give Members an opportunity to consider the level of Council Tax for 2014/15, when hopefully further information on the detail of the funding will be available.

## 11 COUNCIL TAX EXEMPTIONS AND DISCOUNTS

11.1 The Local Government Finance Act 2012 included technical changes to Council Tax giving new flexibilities to councils for certain discounts and exemptions. These new powers were enacted by The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 and the Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012.

- 11.2 At the extraordinary Council meeting held on 29 January 2013, the Head of Finance outlined the various 'technical changes' but it was agreed that the level of discounts granted under the new regulations from 1 April 2013 would mirror the discounts and exemptions that were granted under the old regulations. This was agreed with a caveat that the level of discounts would be reviewed in 2013/14 with a view to introducing any changes from 1<sup>st</sup> April 2014.
- 11.3 Although any changes do not need to be agreed until January 2014, for the purposes of budget planning, it would be useful to get Members' support now so that the additional income can continue to be factored into the MTFS estimates. If agreed at this meeting, formal approval for the changes would be requested from Full Council in October.
- 11.4 **Proposed Changes**
- 11.5 The Council could continue to retain the existing levels of discount, but after careful consideration of the different permutations and the possible impacts on collection rates, it is proposed to make the following changes with effect from 1 April 2014:
- Reduce the Council Tax discount for unoccupied and furnished properties (Second Homes) from 10% to nil (Class A and Class B of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012).
  - Reduce the Council Tax discount for vacant properties which are in need of major repair from 100% for 12 months to 100% for 6 months (Class D of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012).
  - Reduce the Council Tax discount for empty and unfurnished dwellings from 100% for up to six months to 100% for up to one month (Class C of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 ). This discount will only apply immediately following a period when the property was occupied for a minimum period of 6 weeks. It will also be restricted to a maximum of two awards in any one financial year.
  - Properties which have been empty and substantially unfurnished for two years or more will be charged 150% of the Council Tax payable in relation to that property (Section 11B of the Local Government Finance Act 1992). The charge for properties which have been empty and substantially unfurnished for two years or more could be set anywhere between 100% and 150% of the full Council Tax charge.
- 11.6 The estimated increase in Council Tax debit raised from implementing the recommendations, based on the current level of discounts, are as follows:

- Class A and Class B discount – second homes. Approximately 80 properties affected.  
Estimated additional Council Tax raised by reducing discount to 0% - £11,000.
- Class C discount – empty and unfurnished properties. Approximately 1,000 properties affected  
Estimated additional Council Tax raised by reducing discount to 100% for up to one month - £408,000
- Class D discount – uninhabitable properties. Approximately 90 properties affected.  
Estimated additional Council Tax raised by reducing discount to 100% for six months - £34,000
- Empty Homes Premium. Approximately 90 properties affected.  
Estimated additional Council Tax raised by charging the maximum premium of 50% - £110,000.

11.7 It should be noted that the premium on long-term empty homes is aimed at bringing empty homes back in to use more quickly. Reducing the number of empty homes in the district will link into New Homes Bonus incentive so there will also be a financial benefit to the Council of approximately £1,200 for every empty home reduced on the Council Tax Base. However, the Government's intention behind the decision to provide billing authorities with the power to charge a premium was not to penalise owners of properties that genuinely on the housing market for sale or rent. Therefore, before applying the premium, consideration would be given to properties that are up for sale or rent and whether the price or rent being asked for the property is reasonable. It is difficult to say how many empty home premium cases there are likely to be.

11.8 The estimated additional revenue, £563,000, would be shared between the Council and the major precepting authorities as follows:

Essex County Council - £397,580 (71%)  
 Rochford District Council - £75,038 (13%)  
 Police and Crime Commissioner - £51,760 (9%)  
 Fire & Rescue Authority - £24,300 (4%)

The remaining amount, £14,323 (3%), would be shared between the parishes.

11.9 Essex County Council, in recognising that they will be the major beneficiaries of any additional income from implementing the changes, have offered a financial incentive if the level of discounts granted are reduced under the 'technical changes' and consequently more Council Tax revenue is generated. The share of any additional income for the Council would be based on 30% of the anticipated additional income for the County Council for 2014/15 and 35% for 2015/16.

- 11.10 The additional revenue to the Council from the Essex County Council sharing agreement would be approximately £120,000 for 2014/15 and £140,000 for 2015/16.
- 11.11 Making changes to the existing level of discounts means that, as the billing authority, the Council will incur the additional costs associated with implementing and administering the changes.
- 11.12 There is also a risk to the collection of debts resulting from any changes. The recommended levels are based on consideration of implications on collection whilst, at the same time, maximising the potential income opportunity for the Council.
- 11.13 The revised discounts and empty premium charge may lead to complaints and appeals. This will be mitigated by contacting those affected and informing them of the likely impact resulting from the proposed changes, in advance of 1 April 2014.
- 11.14 Behavioural changes may happen in order to avoid or take advantage of the changes e.g. some people may say that properties have suddenly become occupied if they are affected by the 150% premium. This is likely to be a resource implication because inspections will need to be conducted to verify the situation.

## **12 LOCALISING COUNCIL TAX SUPPORT SCHEME**

- 12.1 The Government replaced the nationally set Council Tax benefit scheme with a locally determined Council Tax support scheme, with effect from 1 April 2013. Under the new arrangements, the 100% subsidy has been replaced by a direct grant. The funding for Council Tax support in 2013/14 was based on 90% of the forecast subsidised expenditure.
- 12.2 The grant and value of discounts is shared between Rochford District Council and the other preceptors, including the town and parish councils.
- 12.3 The Council worked with the other Essex authorities and major preceptors in the design of the scheme and agreed some key principles.
- Develop a scheme that is cost neutral, i.e. the cost to provide Council Tax support from 1 April 2013 will be in line with the level of grant distributed by the DCLG.
  - A scheme be adopted which is mainly based on the existing CTB regulations.
  - The new scheme will, as far as possible, allow for anticipated growth in demand.
  - Reduce the complexities of the current CTB scheme and make the new scheme easier to claim and administer.

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- 12.4 Individual district schemes were then designed and approved, based on individual demographics.
- 12.5 In Summer 2012, the Government published provisional funding figures as a guide for local authorities to design their schemes. The Council approved its final scheme in December 2013 based on this provisional funding allocation. Subsequent to this, the final settlement had a reduced figure for Rochford as the reduction in our Council Tax Benefit expenditure meant that our proportionate share of the national pot reduced by £38,000.
- 12.6 The total grant funding for LCTS for the Rochford District for 2013/14 is £4,442,028, of which Rochford District Council receives £692,000, which includes £108,000 in respect of parish councils. As at the end of June, the value of LCTS discounts was £4,416,051 which is £25,977 below the grant. This is a reduction of £50,514 compared to the beginning of the financial year when LCTS discounts were £4,466,565.
- 12.7 The Rochford scheme is therefore running extremely tightly to budget with no leeway for growth in the scheme or increases in Council Tax.
- 12.8 The new scheme is a discount on Council Tax, rather than a benefit. This means that when calculating the Council Tax Base, on which Council Tax is to be levied, the Tax Base will be reduced by the number of discounts for Council Tax Support. For the major preceptors (Essex County, Fire and Police) and Rochford District Council (as the billing authority), this reduction in Council Tax base will be off set by the direct grant.
- 12.9 This reduced tax base has implications for the local precepting bodies, ie parish and town councils. The parish/town councils calculate their Council Tax in the same way as we do, by dividing their precept by the tax base. If the tax base has been reduced, then their Council Tax charges will increase, even with no change in their precept. The Government expects billing authorities and local precepting authorities to work together to manage the potential impact on the local precepting authority Band D Council Tax amounts.
- 12.10 For 2013/14 this was achieved by passing down an element of the funding to the local precepting authority. The allocation of the funding across the parish/town councils was linked to the individual impact of the scheme developed by Rochford District Council in each parish/town council area.
- 12.11 Government have stated that the future funding for the local Council Tax support schemes will be within the business rates retention scheme. While the funding was made clear in the funding allocations as a visible line for 2013/14, first year of the new business rates system, it will not be shown separately in future years.
- 12.12 The LCTS scheme was developed under an Essex-wide framework with an overarching principle to deliver a cost neutral replacement for Council Tax

Benefits. With the grant funding no longer being shown separately in the RRS, it will be difficult to judge whether this principle is being met.

12.13 The current scheme has the following award criteria:

- People living in properties whose Council Tax band is E, F, G or H have their LCTS restricted to the maximum amount payable for a Band D property.
- Regardless of their financial circumstances, every working-age claimant pays the first 20% of the Council Tax liability.
- Only working-age claimants who have less than £6,000 are entitled to LCTS.
- Child maintenance is taken into account as income when we calculate entitlement to LCTS.
- Non-dependant deductions are not made when we calculate entitlement to LCTS.
- The Second Adult Rebate scheme for working-age claims has been stopped.

12.14 The calculation of the LCTS discount takes into account the applicable amount, as advised for Housing Benefit. The applicable amount represents the basic living needs to the claimant and family. Any increase in this amount, published by Government later in the year, would impact on the cost of the LCTS, as would council tax increases by Rochford District Council or any of the preceptors, or an increase in unemployment in the district.

12.15 The Council is required to consult annually on its LCTS Scheme and this will need to happen over the summer. The MTFS needs to include a forecast on the cost of LCTS discounts.

12.16 The LCTS would continue to be a means tested discount, calculated using similar criteria to the current CTB scheme.

12.17 Members are asked to indicate which option below they would prefer to form the basis of the MTFS assumptions and design of the 2014/15 scheme. Members may want to consider this in the context of the additional income from the technical adjustments to Council Tax discussed in the previous section.

12.18 Although the choice of option will inform the medium term forecasts, Members will be given the opportunity each year to review the funding position in the context of changes to overall funding and changes in demand.

12.19 Options for 2014/15 funding:

- Option 1 – treat the LCTS grant as fixed funding and make no changes to the scheme.

Implications:

- No changes would be made to the current scheme.
  - The amount of grant available for general services will reduce by a larger percentage than if the LCTS grant reduced in line with overall reductions.
  - Any increase in the value of LCTS discounts will be an additional cost. This increase could be due to demand or an increase in Council Tax charge. The 2013/14 overall increase in Council Tax was 0.7%, which is equivalent to approximately £31,000, of which £4,000 would be met by Rochford District Council.
  - Current LCTS discounts are £25,977 below the grant and have reduced by 1% since the beginning of the year.
  - This would be in line with Government announcements that nationally LCTS funding, although no longer separately identifiable, is fixed for 2014/15.
  - £100,000 was included in the 2013/14 budget to cover costs and contingencies, some of this could be set aside in a reserve to meet growth in demand.
  - The additional income from the technical changes to Council Tax could be used to maintain the level of LCTS funding.
  - Parish/Town Councils would receive sufficient grant to cover the impact of LCTS on their Council Tax base.
- Option 2 - adjust the LCTS funding in line with forecasts for the main Government grant, reductions in RSG and increased RRS.
    - LCTS funding as a proportion of overall funding remains the same.
    - LCTS funding would be forecast to reduce by 9% per annum.
    - Reduces the reduction in the funds available for general services.
    - The grant to Parish/Town Councils would reduce.
    - Would require scheme changes, for example increasing the minimum charge from 20% to 45%.



- Full consultation would be required.
- Impact on collection rates.
- Adverse reaction from public and voluntary organisations.

Summary of financial impact:

	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Option 1</b>					
LCTS Funding	0.585	0.585	0.585	0.585	0.585
Parish Grant	0.108	0.108	0.108	0.108	0.108
Funding for general services	3.133	2.777	2.459	2.164	1.933
<b>Option 2</b>					
LCTS Funding	0.585	0.529	0.480	0.435	0.399
Parish Grant	0.108	0.098	0.089	0.080	0.074
Funding for general services	3.133	2.842	2.583	2.342	2.153

12.20 The MTFs currently assumes that Option 1 will be selected.

### 13 PENSIONS

- 13.1 At the last triennial valuation, which affected the level of contributions to the deficit from April 2011, the period of recovery was extended to 24 years, in order to provide budget stability and keep contributions at a constant level. It was agreed at the time that any interim revaluations would be reported to Members, although these do not affect contribution rates. Although not a formal revaluation, as part of the close-down of the accounts, the pension scheme is assessed with a view to producing current valuations for liabilities and assets. The valuations are done in line with the International Accounting Standards (IAS19) and do not use the same methods used for the triennial valuation.
- 13.2 The results as at 31 March 2013 show that the share of the Essex Pension Scheme attributable to Rochford District Council is now showing assets of £36.4 million, compared to £32.4 million at the end of 2011/12 and defined benefit obligations (liabilities) are £66.3 million, compared to £58.5 million as at the end of 2011/12. This means that the net liability showing in the balance sheet has increased from £26.1 million to £29.9 million. This is due to the increase in liabilities outstripping the increase in assets, primarily due to the reduction in the corporate bond index used to discount future outgoing cash flows, which increases the valuation of those liabilities.
- 13.3 The next triennial Valuation will be carried out during 2013 with changes to contribution rates being implemented from April 2014. Any updates on the revaluation will be reported to Members.

13.4 In the meantime there will be a number of key changes to the Local Government Pension Scheme to be introduced from April 2014. The final details are still to be confirmed by Government but the main principles are expected to be:

- Move from a pension based on Final Salary to a Career Average Related Earnings Scheme.
- Accrual rate increased from 1/60<sup>th</sup> to 1/49<sup>th</sup> per year of service
- Indexation of pension in payment will be based on the consumer price index rather than retail price index.
- Changes to the contribution rates, with higher earners seeing increases in contribution rates.
- Pension age changed from 65 to the individual member's State Pension Age (minimum 65)

13.5 The triennial valuation will be able to take account of the changes to the Local Government Pension Scheme (LGPS).

#### 14 MTFS SUMMARY

14.1 The MTFS has been updated from the current forecasts agreed by Council in January 2013 to the updated position based on the following assumptions:

- Changes to Council Tax discounts and exemptions are as set out in this report.
- LCTS funding remains fixed.
- NHB top slicing is 35% of total allocation from 2015/16.

Forecast	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
<b>Savings Required</b>						
Current	500	515	170	-	210	
Updated	500	515	320	430	330	300
<b>General Fund Balance</b>						
Current	779	783	919	1133	1262	
Updated		941	900	1,103	1,201	1,266
<b>Government Funding, incl. NHB</b>						
Current	3,524	3,296	3,422	3,482	3,395	
Updated	3,524	3,366	2,968	2,770	2,538	2,356

- 14.2 Review Committee are looking at a number of areas such as leisure and woodlands to feed into the medium term financial planning and the Executive are invited to identify any initiatives or ideas they would like brought into the 2014/15 budget process.

## **15 PUBLIC CONSULTATION**

- 15.1 The budget survey conducted last year for the 2013/14 budget process provided some clear and consistent messages about what residents felt were high priority services. It would be useful if the Council continued to seek the views of residents on their priorities. The format of the survey will be developed and agreed with the Leader.
- 15.2 The aim of the consultation would be to gain clearer understanding of what services residents would wish to see retained and also the level of service quality.

## **16 GRANTS TO VOLUNTARY ORGANISATIONS**

- 16.1 The Government's statutory guidance on the Best Value Duty, published in September 2011, sets out the Government's expectations of the way authorities should work with voluntary and community groups. Authorities should seek to avoid passing on disproportionate cuts and, in particular, an authority intending to reduce or end funding or other support that will materially threaten the viability of the organisation or service it provides, should give at least 3 months' notice to both the organisation involved and the public/service user. In order to ensure that the Council complies with these requirements, the 2014/15 budget for grants will be reported for approval to Council on 17 December 2013.

## **17 EQUALITIES AND DIVERSITY IMPLICATIONS**

- 17.1 The Council Tax 'technical changes' are related to empty properties and second homes so are not based on individual circumstances or family characteristics. The recommendations will therefore apply equally to everyone.

## **18 RISK IMPLICATIONS**

- 18.1 The Government have only announced local authority funding for the current year and 2014/15. The MTFS is currently based on a balance of the worse and best case scenarios, taking into account the Government's announcement on 26 June 2013. This means there is a risk that the savings targets for the current year and next year will be insufficient to meet future shortfalls.
- 18.2 Cuts in the Council's expenditure and the continuing uncertainty over future years may have an impact on staff morale at a time when staff will be expected to increase performance and be flexible to change. This could, in turn, have a detrimental impact on performance and absence rates.

Consequently it continues to be important, over a sustained period, for the Council to be clear in its comments over the approach it is taking. Decisions and communication around the MTFS will help with this.

- 18.3 The changes to the LGPS, with the move to a career average pension and increase in contribution rates for higher earners may increase the risk of senior staff choosing to retire earlier than originally envisaged.
- 18.4 The risks associated with the proposed changes to Council Tax discounts and exemptions are discussed in the relevant section of this report.

## **19 RESOURCE IMPLICATIONS**

- 19.1 Changes to resource implications identified since the MTFS was agreed by Council in January 2013 have been discussed in the body of this report. Having a robust budget process and sound financial management is key to ensuring that the Council is able to deliver high quality services within a balanced budget.

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: \_\_\_\_\_

**Head of Finance**

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### **Background Papers:-**

[Best Value Statutory Guidance](#)

For further information please contact Yvonne Woodward (Head of Finance) on:-

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Email: [yvonne.woodward@rochford.gov.uk](mailto:yvonne.woodward@rochford.gov.uk)

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

HOS: PAUL WARREN							
COST CENTRE	2012/13 Revised Budget	Projection for Year End as at Q3 2012/13	Actual 2012/13	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
	£	£	£	£	%	£	%
Chief Executive Office	179,800	173,701	188,991	15,290	8.80%	9,191	5.11%
Human Resources	234,800	206,509	220,765	14,256	6.90%	(14,035)	-5.98%
Corporate Management Account	102,300	104,736	113,370	8,634	8.24%	11,070	10.82%
Emergency Planning & Health & Safety	68,700	67,220	72,284	5,064	7.53%	3,584	5.22%
Corporate Policy & Partnership	75,200	73,828	86,859	13,031	17.65%	11,659	15.50%
Communications	75,400	75,765	75,010	(755)	-1.00%	(390)	-0.52%
Totals	736,200	701,759	757,278	55,519	7.91%	21,078	2.86%

Notes:

The following two types of expenditure are shown in the variance breakdown because they are included in the Cost of Services for individual cost centres, but are reversed out in the Accounts.

- Capital Charges - these include depreciation and impairment entries
- Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

<u>Variance Breakdown</u>	<u>Actual 2012/13</u>	<u>Revised Budget 2012/13</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<b><u>Chief Executives Office</u></b>					
Salaries	137,383	169,500	(32,117)		
Superannuation	15,638		15,638		
National insurance	12,182		12,182		
Year end Accounts Adjustment	13,965		13,965		
	<u>179,169</u>	<u>169,500</u>	<u>9,669</u>		5.7% IAS 19 Adjustment
<b><u>Human Resources</u></b>					
Occupational Health	5,418	14,000	(8,582)		-61.3% Not as many cases as anticipated.
Staff Advertising	6,613	15,500	(8,887)		-57.3% Savings have been achieved by freezing posts, and encouraging recruitment from within the authority.
Staff Parking	(22,780)	(25,000)	2,220		-8.9% Eleven members of staff opted out of the scheme, choosing to find alternative arrangements.
	<u>(10,750)</u>	<u>4,500</u>	<u>(15,250)</u>		
<b><u>Corporate Management Account</u></b>					
External Audit Costs	84,700	78,000	6,700		
<b><u>Corporate Policy and Partnership</u></b>					
Salaries	59,886	72,200	(12,314)		
Superannuation	7,353		7,353		
National insurance	3,704		3,704		
Year end Accounts Adjustment	13,275		13,275		
	<u>84,218</u>	<u>72,200</u>	<u>12,018</u>		16.6% IAS 19 Adjustment

**HOS: JEREMY BOURNE**

COST CENTRE	2012/13 Revised Budget £	Projection for Year End as at Q3 2012/13 £	Actual 2012/13 £	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
				£	%	£	%
Council Tax	222,400	217,941	<b>238,616</b>	20,675	9.49%	16,216	7.29%
Housing Benefit Administration	49,600	5,510	<b>70,194</b>	64,684	-1173.94%	20,594	-41.52%
Community Services Client Account	128,100	126,928	<b>135,728</b>	8,800	6.93%	7,628	5.95%
Community Safety	76,300	65,099	<b>77,144</b>	12,045	18.50%	844	1.11%
Business Rates	(51,900)	(49,719)	(49,661)	58	0.12%	2,239	4.31%
Council Tax Benefits	(38,550)	(38,550)	(49,724)	(11,174)	-28.98%	(11,174)	-28.98%
Housing Benefit Payments	(85,900)	(85,900)	(83,290)	2,610	3.04%	2,610	3.04%
Revenues Investigation Section	116,700	100,724	<b>102,047</b>	1,323	1.31%	(14,653)	-12.56%
Culture & Heritage - Windmill	39,000	34,680	<b>39,192</b>	4,512	13.01%	192	0.49%
Leisure Premises	1,118,800	1,110,240	<b>1,002,565</b>	(107,675)	-9.70%	(116,235)	-10.39%
Sports Development & Promotion	3,800	(3)	<b>2,548</b>	2,551	85023.00%	(1,252)	32.96%
Leisure Client Account	106,400	98,610	<b>106,942</b>	8,332	8.45%	542	0.51%
Housing Strategy	109,400	109,769	<b>114,516</b>	4,747	4.32%	5,116	4.68%
Private Sector Housing Renewal	529,400	530,062	<b>177,315</b>	(352,747)	-66.55%	(352,085)	-66.51%
Homelessness	426,200	430,162	<b>355,914</b>	(74,248)	-17.26%	(70,286)	-16.49%
<b>Totals</b>	<b>2,749,750</b>	<b>2,655,553</b>	<b>2,240,046</b>	<b>(415,507)</b>	<b>-15.65%</b>	<b>(509,704)</b>	<b>-18.54%</b>

Notes:

The following two types of expenditure are shown in the variance breakdown because they are included in the Cost of Services for individual cost centres, but are reversed out in the Accounts.

- Capital Charges - these include depreciation and impairment entries
- Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

<u>Variance Breakdown</u>	<u>Actual 2012/13</u>	<u>Revised Budget 2012/13</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<b><u>Council Tax</u></b>					
Court Cost Income	(98,636)	(106,000)	7,364		-6.9% The number of court cases leading to prosecution was not as high as anticipated.
Salaries	221,263	258,900	(37,637)		
Agency Staff	30,519		30,519		
Superannuation	15,667		15,667		
National insurance	9,742		9,742		
Year end Accounts Adjustment	11,630		11,630		
	<u>288,821</u>	<u>258,900</u>	<u>29,921</u>		11.6% IAS 19 related costs.
<b><u>Housing Benefit Administration</u></b>					
Salaries	364,220	454,800	(90,580)		
Superannuation	33,449		33,449		
National insurance	24,218		24,218		
Year end Accounts Adjustment	27,679		27,679		
	<u>449,567</u>	<u>454,800</u>	<u>(5,233)</u>		-1.2% Staff Vacancy
<b><u>Community Services Client Account</u></b>					
Salaries	92,407	112,700	(20,293)		
Superannuation	11,274		11,274		
National Insurance	9,649		9,649		
Year End Accounts Adjustment	8,106		8,106		
	<u>121,436</u>	<u>112,700</u>	<u>8,736</u>		7.8% IAS 19 Adjustment



## HOS: JEREMY BOURNE

### Council Tax Benefits

Council Tax Rebates	5,052,695	4,876,850	175,845
Housing Benefit Subsidy	(5,102,419)	(4,915,400)	(187,019)
	(49,724)	(38,550)	(11,174)

Subsidy figures are based upon final claim submitted in 29.0% January 2013.

### Revenues Investigation Section

Salaries	78,134	110,800	(32,666)
Superannuation	9,870		9,870
National Insurance	6,794		6,794
Year End Accounts Adjustment	7,134		7,134
	101,933	110,800	(8,867)

-8.0% IAS 19 Adjustment

Court Costs – Income Prosec	(5,547)	(1,000)	(4,547)
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454.7% Successful prosecution from courts cases was a lot higher than anticipated.

### Leisure Premises

Capital Charges	515,635	636,700	(121,065)
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-19.0%

### Housing Strategy

Salaries	77,627	93,500	(15,873)
Superannuation	9,439		9,439
National Insurance	6,851		6,851
Year End Accounts Adjustment	6,962		6,962
	100,879	93,500	7,379

7.9% IAS 19 Adjustment

### Private Sector Housing Renewal

Capital Charges	263,044	391,100	(128,056)
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-32.7%

Housing Grant Contribution	(224,080)		(224,080)
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-100.0% Capital adjustment, reversed out in the accounts.

### Homelessness

Temporary Accommodation	281,714	500,000	(218,286)
Housing Benefit Subsidy Adjustment	141,577		141,577
Contracted Accommodation Re-charged	(260,352)	(280,000)	19,648
	162,938	220,000	(57,062)

The estimated cost of housing homeless was set in October 2012 when figures had peaked, following that date to the end of the year the numbers declaring themselves homeless reduced causing budget to go under spent.

Removals and Storage	15,336	30,000	(14,664)
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-48.9%

**HOS: ALBERT BUGEJA**

COST CENTRE	2012/13 Revised Budget	Projection for Year End as at Q3 2012/13	Actual 2012/13	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
	£	£	£	£	%	£	%
Office Accommodation Rochford	273,300	273,906	<b>330,751</b>	56,845	20.75%	57,451	21.02%
Office Accommodation Rayleigh	79,200	71,240	<b>74,492</b>	3,252	4.56%	<b>(4,708)</b>	-5.94%
Local Land Charges	<b>(83,400)</b>	<b>(65,000)</b>	<b>(52,715)</b>	12,285	18.90%	30,685	36.79%
Cemeteries & Churchyards - Open/Closed	<b>(112,300)</b>	<b>(135,518)</b>	<b>(133,025)</b>	2,493	1.84%	<b>(20,725)</b>	-18.45%
Estate Management Services	131,800	130,911	<b>157,229</b>	26,318	20.10%	25,429	19.29%
Legal Services	316,900	305,127	<b>295,271</b>	<b>(9,856)</b>	-3.23%	<b>(21,629)</b>	-6.83%
Member & Committee Services	543,900	541,834	<b>562,491</b>	20,657	3.81%	18,591	3.42%
Totals	1,149,400	1,122,500	<b>1,234,493</b>	111,993	9.98%	85,093	7.40%

**Notes:**

The following two types of expenditure are shown in the variance breakdown because they are included in the Cost of Services for individual cost centres, but are reversed out in the Accounts.

- Capital Charges - these include depreciation and impairment entries
- Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

<b><u>Variance Breakdown</u></b>	<b><u>Actual 2012/13</u></b>	<b><u>Revised Budget 2012/13</u></b>	<b><u>Variance £</u></b>	<b><u>Variance %</u></b>	<b><u>Comments</u></b>
<b><u>Office Accommodation Rochford</u></b>					
Salaries	28,068	24,400	3,668		
Superannuation	2,239		2,239		
National Insurance	1,812		1,812		
Year End Accounts Adjustment	3,689		3,689		
	<u>35,808</u>	<u>24,400</u>	<u>11,408</u>	46.8%	Temporary cover for staff sickness
Capital Charges	104,777	55,300	49,477	89.5%	
<b><u>Local Land Charges</u></b>					
Salaries	56,172	66,700	(10,528)		
Superannuation	6,443		6,443		
National Insurance	3,661		3,661		
Year End Accounts Adjustment	4,755		4,755		
	<u>71,030</u>	<u>66,700</u>	<u>4,330</u>	6.5%	IAS 19 Adjustment
Fees & Charges	(128,478)	(155,000)	26,522	-17.1%	Number of land searches have reduced in line with the continued downturn in housing market over the last 6 months.

**HOS: ALBERT BUGEJA**

**Cemeteries & Churchyards - Open/Closed**

Interments	(69,758)	(66,000)	(3,758)	5.7% Estimated income from burials and interments was set in October 2012, following that date to the end of
Grave Purchases	(55,772)	(43,000)	(12,772)	29.7% the year numbers of burials and interments increased causing the budget to go over expectations.

**Estate Management Services**

Salaries	129,030	134,600	(5,570)	Budget included an element of Officers time that would be spent on capital projects and therefore could be costed to capital rather than revenue. Not as many projects met the strict capitalisation requirements as originally estimated.
Superannuation	15,646		15,646	
National Insurance	10,398		10,398	
Year End Accounts Adjustment	4,966		4,966	
	<u>160,040</u>	<u>134,600</u>	<u>25,440</u>	18.9%

**Legal Services**

Legal Fee's Exp	72,920	12000	60,920	507.7% Relates to the successfully won court case regarding 100.0% the Core Strategy.
Legal Fees Income Holding A/C	(83,761)		(83,761)	

**Member & Committee Services**

Salaries	159,897	191,400	(31,503)	7.4% IAS 19 Adjustment
Superannuation	19,159		19,159	
National Insurance	10,648		10,648	
Year End Accounts Adjustment	15,781		15,781	
	<u>205,486</u>	<u>191,400</u>	<u>14,086</u>	

**HOS: SARAH FOWLER**

COST CENTRE	2012/13 Revised Budget	Projection for Year End as at Q3 2012/13	Actual 2012/13	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
	£	£	£	£	%	£	%
Conducting Elections	108,850	100,232	<b>113,174</b>	12,942	12.91%	4,324	3.97%
Registration of Electors	71,050	68,408	<b>72,689</b>	4,281	6.26%	1,639	2.31%
Telephones & Reception	136,800	119,017	<b>125,737</b>	6,720	5.65%	(11,063)	-8.09%
Information & Support Services	475,900	454,003	<b>479,187</b>	25,184	5.55%	3,287	0.69%
Computer Services	1,162,600	1,158,210	<b>1,117,374</b>	(40,836)	-3.53%	(45,226)	-3.89%
Customer Services	354,100	351,586	<b>368,405</b>	16,819	4.78%	14,305	4.04%
Totals	2,309,300	2,251,456	<b>2,276,566</b>	25,110	1.12%	(32,734)	-1.42%

**Notes:**

The following two types of expenditure are shown in the variance breakdown because they are included in the Cost of Services for individual cost centres, but are reversed out in the Accounts.

- Capital Charges - these include depreciation and impairment entries
- Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

<u>Variance Breakdown</u>	<u>Actual 2012/13</u>	<u>Revised Budget 2012/13</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<b><u>Telephones &amp; Reception</u></b>					
Salaries	71,334	92,700	(21,366)		
Superannuation	5,315		5,315		
National Insurance	3,861		3,861		
Year End Accounts Adjustment	3,928		3,928		
	<u>84,437</u>	<u>92,700</u>	<u>(8,263)</u>		-8.9% Staff Vacancy
<b><u>Computer Services</u></b>					
Contract Payment	643,610	700,000	(56,390)		-8.1% The revised budget included the cost of the main IT contract as well as individual Software License payments, some of these software payments did not come in as high as expected.
<b><u>Customer Services</u></b>					
Salaries	283,702	329,100	(45,398)		
Superannuation	25,583		25,583		
National Insurance	19,333		19,333		
Year End Accounts Adjustment	19,215		19,215		
	<u>347,834</u>	<u>329,100</u>	<u>18,734</u>		5.7% IAS 19 related costs.

**HOS: SHAUN SCRUTTON**

COST CENTRE	2012/13 Revised Budget	Projection for Year End as at Q3 2012/13	Actual 2012/13	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
	£	£	£	£	%	£	%
Building Control Client Account	256,300	234,391	241,257	6,866	2.93%	(15,043)	-5.87%
Building Control Fee Account	(235,000)	(213,389)	(202,441)	10,948	5.13%	32,559	13.85%
Planning Policy	284,100	279,935	295,464	15,529	5.55%	11,364	4.00%
Development Management	75,700	66,496	131,107	64,611	97.17%	55,407	73.19%
Planning & Building Control Admin	116,200	114,819	123,877	9,058	7.89%	7,677	6.61%
Economic Development	232,600	228,114	227,213	(901)	-0.39%	(5,387)	-2.32%
Hackney Carriage	1,100	1,160	9,713	8,553	737.36%	8,613	783.03%
Off Street Parking	(763,400)	(706,861)	(745,892)	(39,031)	-5.52%	17,508	2.29%
Totals	(32,400)	4,665	80,299	75,634	1621.30%	112,699	-347.83%

## HOS: SHAUN SCRUTTON

### Notes:

The following two types of expenditure are shown in the variance breakdown because they are included in the Cost of Services for individual cost centres, but are reversed out in the Accounts.

- Capital Charges - these include depreciation and impairment entries
- Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

<u>Variance Breakdown</u>	<u>Actual 2012/13</u>	<u>Revised Budget 2012/13</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<b><u>Building Control Client Account</u></b>					
Salaries	173,310	234,700	(61,390)		
Superannuation	20,174		20,174		
National Insurance	14,501		14,501		
Year End Accounts Adjustment	10,625		10,625		
	<u>218,612</u>	<u>234,700</u>	<u>(16,088)</u>		-6.9% Staff savings.
<b><u>Building Control Fee Account</u></b>					
Income from Building Control Fees	(202,441)	(235,000)	32,559	-13.9%	Income down due to the continuing downturn in economic climate, leading to fewer building work applications being received.
<b><u>Planning Policy</u></b>					
Salaries	215,790	260,200	(44,410)		
Superannuation	26,317		26,317		
National Insurance	18,375		18,375		
Year End Accounts Adjustment	16,633		16,633		
	<u>277,116</u>	<u>260,200</u>	<u>16,916</u>		6.5% IAS 19 Related Costs



## HOS: SHAUN SCRUTTON

### Development Management

Salaries	285,123	351,600	(66,477)
Superannuation	31,118		31,118
National Insurance	19,645		19,645
Year End Accounts Adjustment	(7,934)		(7,934)
	<u>327,952</u>	<u>351,600</u>	<u>(23,648)</u>

Staff Vacancies

-6.7%

Planning Fees	(244,108)	(330,000)	85,892
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Income down due to the continuing downturn in economic climate, leading to fewer planning applications being received.

### Planning & Building Control Admin

Salaries	94,827	110,500	(15,673)
Superannuation	9,142		9,142
National Insurance	6,339		6,339
Year End Accounts Adjustment	7,810		7,810
	<u>118,118</u>	<u>110,500</u>	<u>7,618</u>

6.9% IAS 19 Related Costs

### Economic Development

Salaries	52,610	62,700	(10,090)
Superannuation	923		923
National Insurance	3,819		3,819
	<u>57,352</u>	<u>62,700</u>	<u>(5,348)</u>

Staff Vacancies

-8.5%

### Hackney Carriage

Salaries	73,645	88,200	(14,555)
Superannuation	9,006		9,006
National Insurance	5,277		5,277
Year End Accounts Adjustment	6,357		6,357
	<u>94,285</u>	<u>88,200</u>	<u>6,085</u>

6.9% IAS 19 Related Costs

### Off Street Parking

Pay & Display Income	(907,190)	(927,500)	20,310
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-2.2% Income from Pay & Display tickets not as high as expected when revised budget was set in October.

**HOS: RICHARD EVANS**

COST CENTRE	2012/13 Revised Budget £	Projection for Year End as at Q3 2012/13 £	Actual 2012/13 £	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
				£	%	£	%
Woodlands	118,300	97,227	<b>106,277</b>	9,050	9.31%	(12,023)	-10.16%
Parks & Open Spaces	1,039,200	1,034,254	<b>1,221,696</b>	187,442	18.12%	182,496	17.56%
Environmental Health	451,400	420,526	<b>453,170</b>	32,644	7.76%	1,770	0.39%
Licensing	(21,000)	(32,828)	<b>(18,380)</b>	14,448	44.01%	2,620	12.48%
Public Health	16,400	15,545	<b>16,108</b>	563	3.62%	(292)	-1.78%
Public Conveniences	109,700	106,028	<b>104,768</b>	(1,260)	-1.19%	(4,932)	-4.50%
Street Cleansing	671,000	668,776	<b>669,112</b>	336	0.05%	(1,888)	-0.28%
Recycling Collection	2,730,000	2,722,269	<b>2,755,037</b>	32,768	1.20%	25,037	0.92%
Recycling Disposal	(1,283,500)	(1,295,093)	<b>(1,305,655)</b>	(10,562)	-0.82%	(22,155)	-1.73%
Highways/Roads (Routine)	(23,800)	(28,723)	<b>(21,620)</b>	7,103	24.73%	2,180	9.16%
Depot	357,800	338,812	<b>347,384</b>	8,572	2.53%	(10,416)	-2.91%
<b>Totals</b>	<b>4,165,500</b>	<b>4,046,793</b>	<b>4,327,896</b>	<b>281,103</b>	<b>6.95%</b>	<b>162,396</b>	<b>3.90%</b>

## HOS: RICHARD EVANS

### Notes:

The following two types of expenditure are shown in the variance breakdown because they are included in the Cost of Services for individual cost centres, but are reversed out in the Accounts.

- Capital Charges - these include depreciation and impairment entries
- Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

<u>Variance Breakdown</u>	<u>Actual 2012/13</u>	<u>Revised Budget 2012/13</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<b><u>Woodlands</u></b>					
Salaries	69,274	104,500	(35,226)		
Superannuation	8,442		8,442		
National Insurance	5,126		5,126		
Year End Accounts Adjustment	5,892		5,892		
	88,734	104,500	(15,766)	-15.09%	Staff Vacancies.
<b><u>Parks &amp; Open Spaces</u></b>					
Capital Charges	244,541	56,900	187,641	329.77%	
<b><u>Recycling Collection</u></b>					
Salaries	161,761	194,700	(32,939)		
Superannuation	18,722		18,722		
National Insurance	13,165		13,165		
Year End Accounts Adjustment	13,588		13,588		
	207,286	194,700	12,586	6.46%	IAS 19 Related Costs
Capital Charges	332,722	317,100	15,622	4.93%	
<b><u>Recycling Disposal</u></b>					
Recycling credits & sales (contractors)	(994,001)	-972,000	(22,001)	2.26%	Additional income relates to sale of wheelie bins to SITA
<b><u>Depot</u></b>					
Salaries	51,912	73,700	(21,788)		
Superannuation	5,044		5,044		
National Insurance	3,143		3,143		
Year End Accounts Adjustment	2,140		2,140		
	62,239	73,700	(11,461)	-15.55%	Staff Vacancies.

**HOS: YVONNE WOODWARD**

COST CENTRE	2012/13 Revised Budget	Projection for Year End as at Q3 2012/13	Actual 2012/13	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
	£	£	£	£	%	£	%
Coast Protection	2,100	2,100	2,100	0	0.00%	0	0.00%
Financial Services	476,200	424,378	480,965	56,587	13.33%	4,765	1.00%
Audit & Performance Management	166,200	162,817	175,504	12,687	7.79%	9,304	5.60%
Totals	644,500	589,295	658,569	69,274	11.76%	14,069	2.18%

Notes:

The following two types of expenditure are shown in the variance breakdown because they are included in the Cost of Services for individual cost centres, but are reversed out in the Accounts.

Capital Charges - these include depreciation and impairment entries

Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

<u>Variance Breakdown</u>	<u>Actual 2012/13</u>	<u>Revised Budget 2012/13</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<b><u>Audit &amp; Performance Management</u></b>					
Salaries	138,937	162,100	(23,163)		
Superannuation	13,337		13,337		
National Insurance	4,501		4,501		
Year End Accounts Adjustment	14,516		14,516		
	171,291	162,100	9,191	5.7%	IAS 19 Costs.