

**REPORT TO THE MEETING OF THE EXECUTIVE 27 JANUARY 2010**

**PORTFOLIO: FINANCE AND RESOURCES**

**REPORT FROM HEAD OF FINANCE, AUDIT AND PERFORMANCE  
MANAGEMENT**

**SUBJECT: FINANCIAL MANAGEMENT REPORT QUARTER 3  
2009/10**

**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 first half of the financial year 2009/10, as shown in Appendix 1.
- 1.2 To note the current financial performance on key financial indicators, as shown in Appendix 2.

**2 REASON 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 2009. 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 2009.
- 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 £7.4m of total expenditure or significant income streams such as planning fees or parking. These key financial indicators are summarised in Appendix 2.

**3 OVERALL FINANCIAL POSITION**

- 3.1 The results to the end of December 2009 indicate that for the General Fund, the year-end position is forecast to meet the revised estimate of £13.1m.
- 3.2 In summary, the main factors which are increasing the end of year forecasts for net expenditure are:-
  - Parking income, including season tickets, and Penalty Charge Notices is forecast to be £61,000 below budget.
  - Land Charge income is forecast to be £3,000 below revised budget.

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

- Planning fees income is forecast to be £28,000 above revised budget.
- Building Control income is forecast to be £7,000 above revised budget.
- Salary expenditure is forecast to be £10,000 below revised budget.

#### **4 RISK IMPLICATIONS**

Low activity levels in the housing market and general economic conditions adversely affected Land Charges, Building Control and Development Control income in 2008/09, and these issues have continued into 2009/10. 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.

Collection rates for council tax remain consistent with previous years. However, the current economic position could have an effect on ability to pay. Collection rates are being maintained through effective recovery action of arrears and continued promotion of direct debit.

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.

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, Audit and Performance Management**

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#### **Background Papers:-**

None

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**FINANCIAL MANAGEMENT REPORT****FORECAST YEAR-END POSITION FOR 2009/10 AS AT END OF DECEMBER 2009****SERVICE: CHIEF EXECUTIVE**

<b>Service Area</b>	<b>2009/10 Revised Budget £</b>	<b>End of Year Forecast £</b>	<b>Variance (Bracketed figures are favourable) £</b>	<b>Comment</b>
Chief Executive's Office	184,700	185,655	(45)	
Human Resources	326,100	279,749	(46,351)	Savings are being made in corporate training as partnership working and external funding allows for reduced costs for new courses. Additional savings being seen against the Occupational Health Budget.
Corporate Management Account	239,900	239,522	(378)	
Emergency Planning & Health and Safety	62,400	51,868	(10,532)	Savings due to maternity leave.
Corporate Policy & Partnership	201,000	199,005	(1,995)	Savings due to staff turnover.
Environmental Initiatives	15,000	15,000	-	
Economic Development	457,400	457,099	(301)	
Community Safety	98,900	97,829	(1,071)	Forecast slight under spend in expenses.

**SERVICE: CORPORATE DIRECTORS**

Service Area	2009/10 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
External Services Client Account	145,900	146,130	230	
Internal Services Client Account	152,800	152,051	(749)	Slight forecasted saving on equipment, tools and materials.

**SERVICE: COMMUNITY SERVICES**

Service Area	2009/10 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Council Tax	234,600	234,151	(449)	
Housing Benefit Admin	(63,500)	(37,034)	26,466	Overspend relates to agency staff being used in the department to deal with increased workloads and cover sickness.
Community Services Client Account	113,800	112,982	(818)	Slight forecasted under spend on Equipment tools and materials.
Business Rates	(51,100)	(51,048)	52	
Council Tax Benefits	(60,000)	(60,000)	-	Subsidy payments are based on grant claims submitted at key points in the year. Current figures are based upon the latest claim submitted.
Housing Benefit Payments	(190,200)	(190,200)		

**SERVICE: COMMUNITY SERVICES**

Service Area	2009/10 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Revenues Investigation Section	161,500	156,127	(5,373)	Currently forecasting a £4,000 saving on training.
Culture & Heritage – Windmill	25,700	22,078	(3,622)	Additional income from weddings booked for the remainder of the year.
Leisure Premises	564,800	564,733	(67)	
Sports Development & Promotion	13,500	14,450	950	Slight under spend forecasted within the Equipment, tools and materials budget.
Leisure Client Account	126,700	123,984	(2,716)	Savings due to staff turnover.
Housing Strategy	135,600	134,450	(1,150)	Slight under spend on training forecasted in the year.
Private Sector Housing Renewal	256,000	243,861	(12,139)	Savings due to staff turnover.
Homelessness	324,900	299,596	(25,304)	Income from Homelessness accommodation recharge is forecasted to be higher by £17,000 against revised budget, and there has been additional income from the rent guarantee scheme.

**SERVICE: ENVIRONMENTAL SERVICES**

Service Area	2009/10 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Woodlands	192,700	193,132	432	
Maintenance of Grounds Holding Account	794,600	794,716	116	
Management of Recreation Grounds & Open Spaces	58,800	38,545	(20,255)	Additional income from pavilion hire and shortfall in responsive works budget.
Environmental Health	547,600	547,248	(352)	
Licensing	(2,400)	(28,628)	(26,228)	Additional income from liquor and other licensing forecasted above revised budget.
Public Health	15,500	15,752	252	Slight drop in income from collection of stray dogs and kennelling.
Public Conveniences	93,500	93,437	(63)	
Street Cleansing	622,000	615,787	(6,213)	Forecasted under spend in tip clearance and minor groundwork's budgets.
Recycling Collection	2,246,600	2,220,859	25,741	Savings due to staff turnover. There has been a reduction in spend against the training budget.
Recycling Disposal	(501,200)	(501,120)	80	
Environmental Services Client Account	362,900	348,407	(14,493)	Savings due to staff turnover.
Depot	109,400	99,431	(9,969)	Savings due to staff turnover.

**SERVICE: FINANCE, AUDIT AND PERFORMANCE MANAGEMENT**

Service Area	2009/10 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Coast Protection	2,100	2,100	-	
Financial Services	473,500	465,213	(8,287)	Savings due to maternity leave and staff turnover.
Cashiers	49,700	48,860	(840)	
Audit & Performance Management	176,200	175,483	(717)	

**SERVICE: INFORMATION AND CUSTOMER SERVICES**

Service Area	2009/10 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Democratic Representation	722,100	721,643	(457)	
Conducting Elections	58,000	58,573	573	
Registration of Electors	73,900	70,900	(3,000)	Additional income from sale of electoral role.
Telephones & Reception	184,000	184,024	24	
Document Management Unit	450,400	437,349	(13,051)	Currently forecasting under spends on the central stationery and printing budgets.
Computer Services – Including Web & Communications.	1,383,700	1,383,757	57	

**SERVICE: LEGAL SERVICES**

Service Area	2009/10 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Office Accommodation Rochford	310,800	299,862	(10,938)	Forecasted under spends on utility bills, although this remains a volatile spend area and can change dependant on demand.
Office Accommodation Rayleigh	75,800	74,563	(1,237)	
Local Land Charges	(67,200)	(64,585)	2,615	Forecasted £3,000 less in fees than budgeted. Slight under spend in training.
Cemeteries & Churchyards - Open	(104,900)	(116,699)	(11,799)	Higher than budgeted income from purchase of graves, internments and monuments.
Cemeteries & Churchyards - Closed	13,600	13,600	-	
Property Services	159,300	159,115	(115)	
Legal Services	293,400	287,726	(5,674)	Salary budget includes career matrix increments, yet to be applied to posts, expected to be met by end of year.



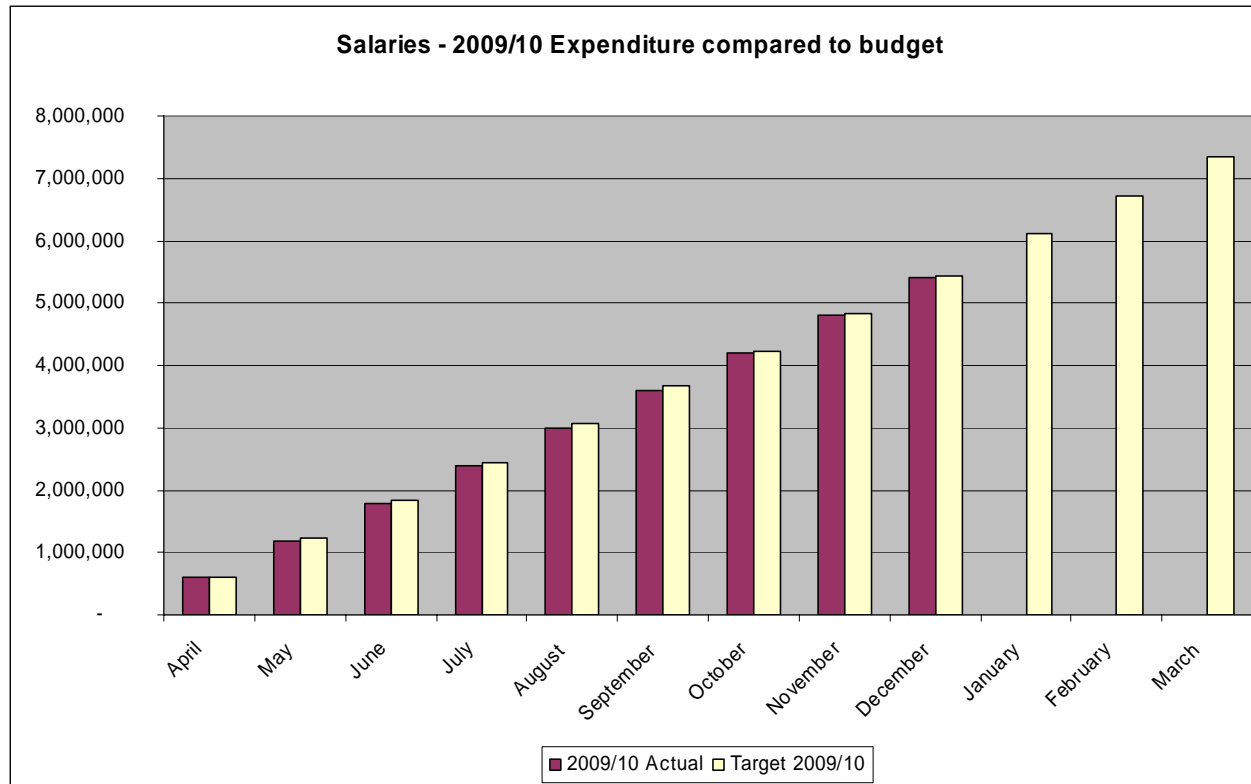
**SERVICE: PLANNING AND TRANSPORTATION**

Service Area	2009/10 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Building Control Client Account	287,700	281,493	(6,207)	Slight under spends forecasted on equipment, tools and materials, car allowances and training budgets.
Building Control Fee Account	(253,000)	(260,310)	(7,310)	This represents slightly better than budgeted income from fees.
Planning Policy	302,500	301,457	(1,043)	
Development Control	314,900	261,049	(53,851)	Represents £28,300 higher than budgeted income from planning fees and a reduction of £17,000 in planning appeals. Additionally a £2,500 saving on the training budget.
Planning Administration	97,100	95,109	(1,991)	Slight under spend on equipment, tools and materials and training budgets.
Hackney Carriage	5,000	4,529	(471)	Slight increase in vehicle licensing income.
Highways/Roads Routine	(14,400)	(14,038)	362	
On Street Parking	(31,600)	(8,494)	23,106	Represents a shortfall in Penalty charge notice income. Due to snow and ice remaining on the ground for extended periods of time, enforcing yellow lines becomes very difficult for officers. Additionally there is reduction in pay and display income forecasted against revised budget. See Appendix 2 for further information. Additionally £17,000 of repairs and maintenance work was completed in 2008/09, therefore budget not required in 2009/10. There is also £4,000 worth of credit sitting on the electricity account, representing overpayments in previous years.
Off Street Parking	(772,800)	(762,185)	10,615	

**SERVICE: PLANNING AND TRANSPORTATION**

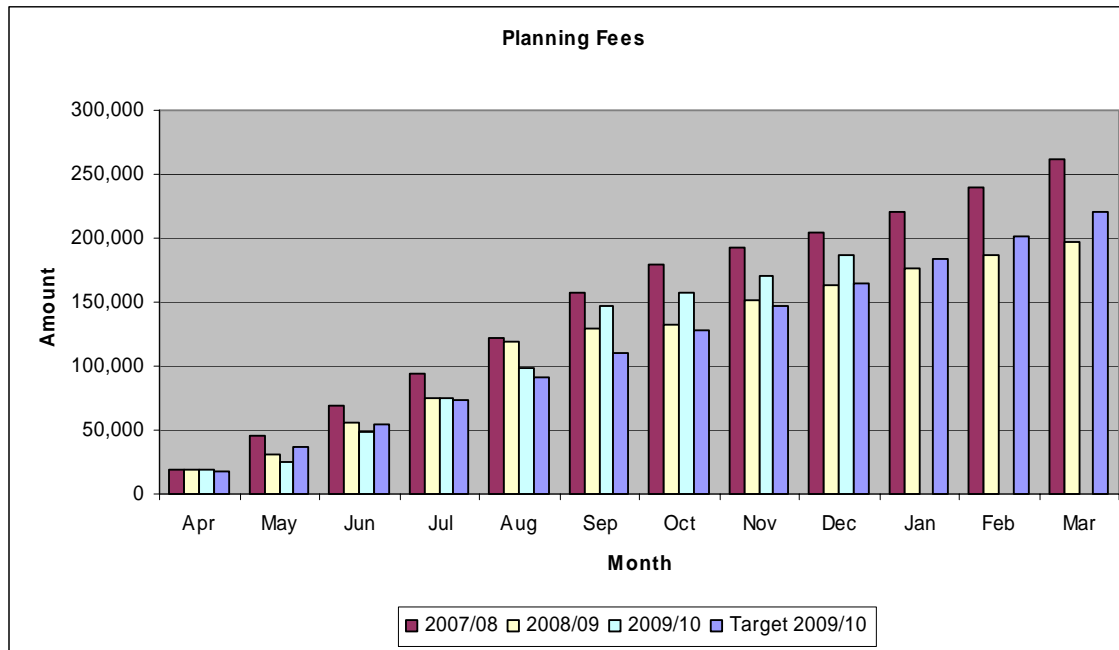
Service Area	2009/10 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Public Transport	793,400	783,099	(10,301)	Less taxi vouchers being applied for, could be down to people acquiring bus passes instead, or the adverse weather forcing people to stay at home.

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

**Salaries****Commentary**

Total salaries were estimated at £7.363m which includes a salary strategy saving of £387,000 which is based on forecast turnover rates, recruitment levels and assumptions on cost of living rises. The cost of living rise was originally forecast at 2.5% for all staff but the final agreement was 1% for staff up to but not including Chief Officers. Final outturn for the year is forecast to be £7.25m

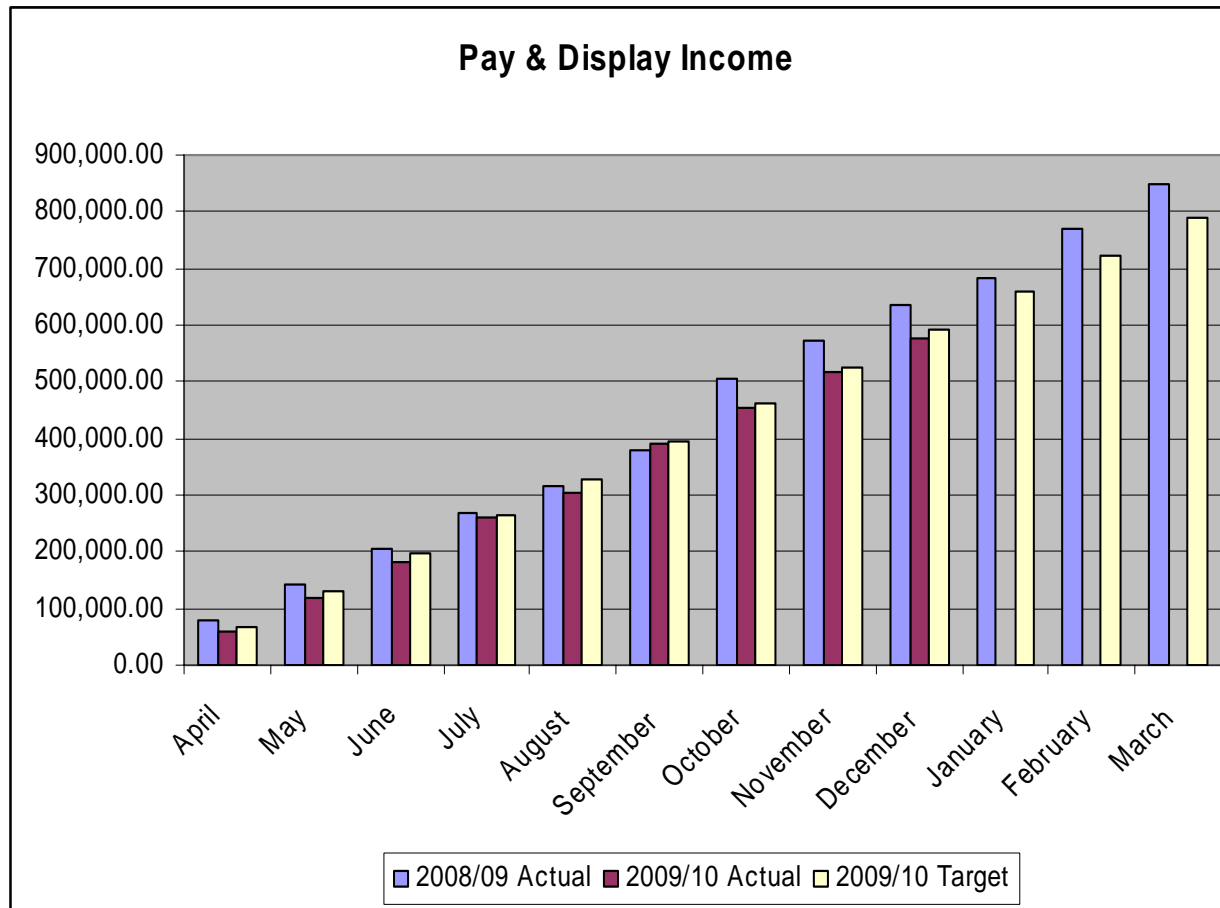
Expenditure on salaries is managed corporately and will be kept within the overall total. There is a possibility of further savings on salaries depending on turnover in the remainder of the year.

**Planning Fees****Commentary**

The revised estimate for planning fees income is £220,000. Compared to the same period in previous years, 2009/10 income at £186,215 is up by £23,306 against 2008/09 and down £17,613 against 2007/08.

At this stage, the year to date position is favourable against target by £28,287 and year end forecasts predict total income to be nearer to £250,000, however, in view of the experiences in 2008/09 when income plummeted, the forecast for the year has been kept at £220,000.

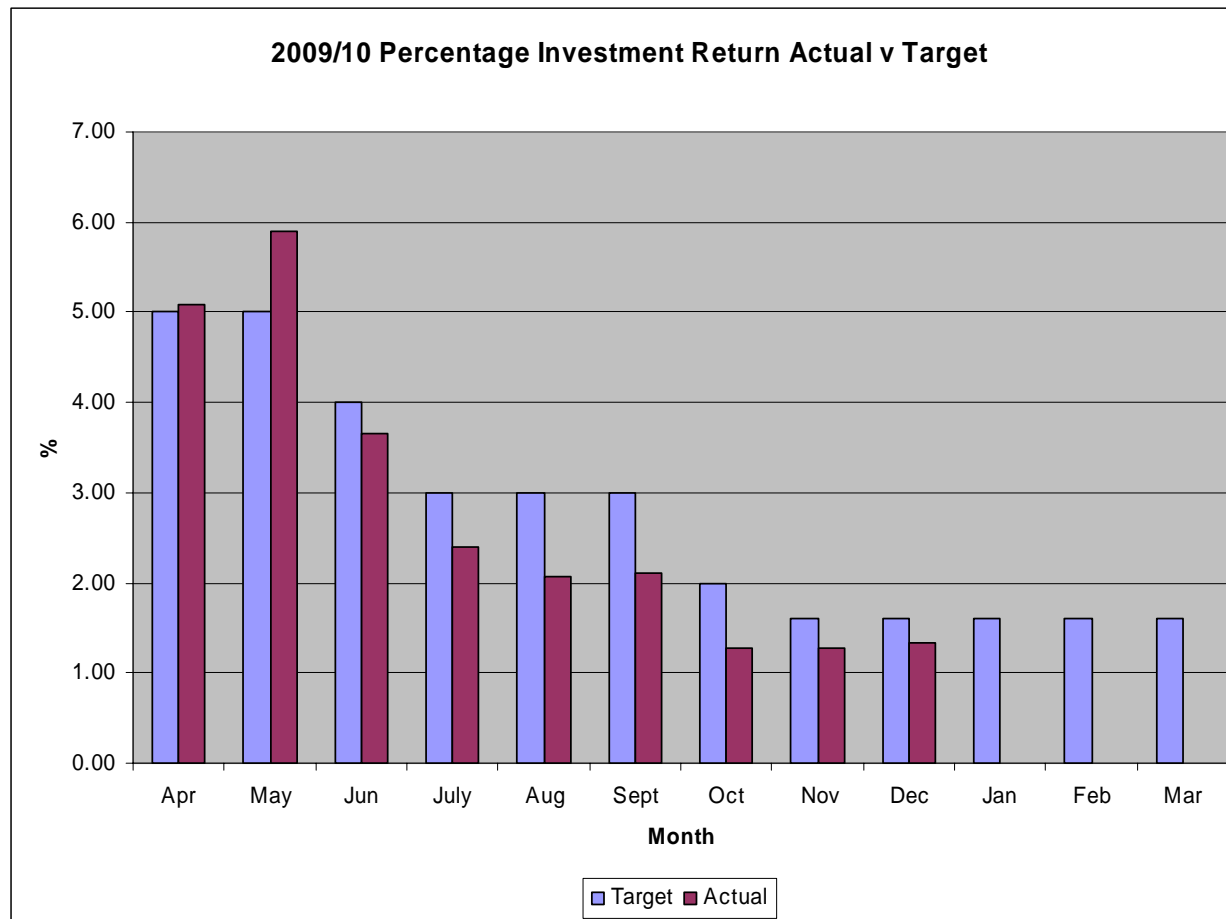
The risk is that the current economic climate and continuing recession mean a further reduction in planning applications with a drop off in income over the remaining period.

**Parking Fees****Commentary**

The revised budget for 2009/10 is set at £790,000.

In the first 9 months, income at £578,267 is down against the revised budget of £592,500. This compares to £636,952 for the same period, against a final figure for 2008/09 of £850,364.

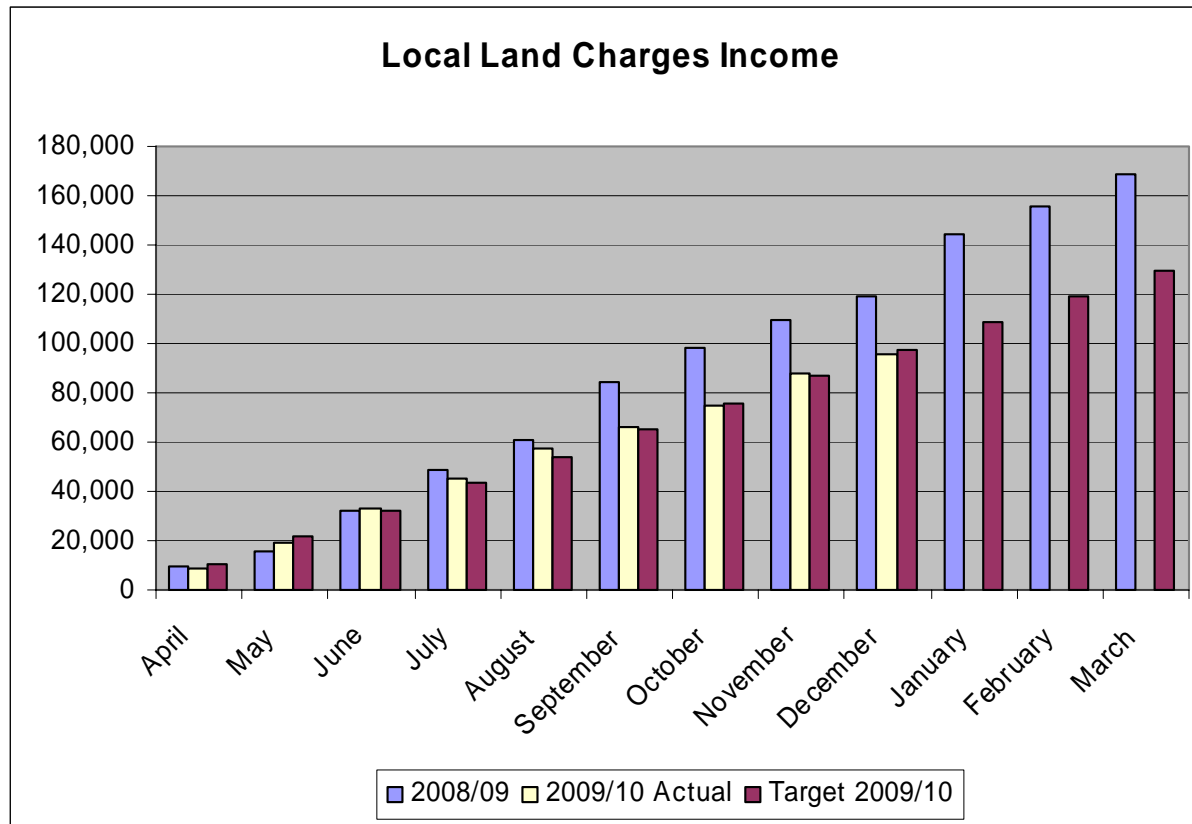
Current indications are that income at year end will be down against end of year budget by about £19,000. This may partly be down to the free parking offered on Saturdays in December and the adverse weather conditions before Christmas.

**Investment Income****Commentary**

The original estimate for investment income for 2009/10 was £340,000 which was set before the final reduction in bank base rate to 0.5% in February 2009. The Council had benefitted from some outstanding investments earning over 6% but these have all matured and current rates are between 0.75% and 2%. Given these rate cuts, the estimate for 2009/10 has been revised down to £204,000.

The risk of a further fall in base rate is considered small but there is a risk that the rates on the money markets may fall if liquidity improves.

### Local Land Charges



### Commentary

The revised estimate for 2009/10 is £130,000 and income to date is £95,294 against a year to date target of £97,500.

There is a risk that income may start to fall again, but at this stage the year end actual income received will be in line with the revised estimate.