

APPENDIX A

CLOSURE OF ACCOUNTS 2004/2005**1 SUMMARY**

- 1.1 This report is to consider some of the detail regarding the Statement of Accounts that was submitted to the Council on 28th July 2005.

2 BACKGROUND

- 2.1 In agreeing the accounts for submission to the external auditors, Members also agreed to consider in detail the variations to the budget.

3 CONSIDERATION

- 3.1 Members will recall that the report to Council showed that the General Fund net revenue budget was improved by £658,000. Based on the original report the analysis of variations over or under the revised estimate for 2004/05, in excess of £5,000 is shown below.
- 3.2 The list of variations excludes asset rentals, depreciation and deferred charges. These are all entries, which are made in the accounts and then reversed out. Therefore there is no effect on the net expenditure of the general fund. Internal charges between one account and another where the net cost is zero are also excluded.
- 3.3 Salaries have not been shown separately. There is a single statement bringing all salaries together. Salary budgets are managed on a corporate basis, as provision is made for the full costs of approved posts in each cost centre and a centrally estimated vacancy factor. Heads of Service are not allowed to use savings in salary budgets without approval of Corporate Management Board and then only for manpower type expenditure. An example would be the employment of an agency worker to temporarily support a vacant post.
- 3.4 Repairs and maintenance have not been shown separately. There is a single statement bringing all these items together. Members have previously agreed that although estimates are shown for each premise there is full virement (transfer between estimates) between these codes. This helps in the construction of estimates in that provisions do not have to be made in each premise for the possibility of faults occurring. Corporate Management Board requires that these budgets be monitored individually and on a corporate basis.
- 3.5 In the column headed variance, non-bracketed figures are adverse, and bracketed figures are favourable. Therefore a non-bracketed figure might either be expenditure in excess of revised budget or income less

than revised estimate. Where an item is income the word income appears in the column headed Item.

NO	Cost Centre	Item	Revised Estimate	Actual	Variance	Explanation
1.	Corporate Management	External Audit	87,500	77,000	(10,500)	Revised structure of fees.
2.		Bank Charges	21,400	27,511	6,111	£5,000 Debit / credit card contract not included in budget.
3.	Democratic Representation	Members Allowance – Inc. Chairman's and Vice Chairman's	118,100	107,978	(10,122)	Varies with amounts claimed.
4.	Other Operating Income & Expenditure	Net External Finance - Income	(443,100)	(515,848)	(72,748)	Higher level of investments and interest rates.
5.		Reversal of Sundry Creditors / Debtors - Income	-	(47,430)	(47,430)	Write back of miscellaneous amounts raised to meet expenditure in prior years.
6.	Non – Distributed Costs	Provision for Redundancy & Pension Equalisation	-	61,362	61,362	Additional contribution to reserve.
7.	Council Tax	Printing	18,100	6,303	(11,797)	£4,000 reserve brought back. E-government leaflets were not required during the year.
8.		Delivery Costs	15,800	10,563	(5,237)	As above
9.		Court Costs - Income	(91,000)	(65,609)	25,391	Reduction in council tax issues going to court as payments are received before the court date.
10.	Business Rates	NNDR Partnership	-	6,000	6,000	New partnership with Chelmsford BC approved. Not part of original budget.

NO	Cost Centre	Item	Revised Estimate	Actual	Variance	Explanation
11.	Business Rates	NNDR Pool Administration Grant - Income	(90,000)	(84,355)	5,645	Determined by Government.
12.	Revenues & Housing Management Account	Redundancy	-	40,631	40,631	2 redundancies as part of the review of staff structures in Council Tax and Housing Benefits.
13.	Conducting Elections	National Register Initiatives	-	(5,000)	(5,000)	£5,000 reserve closed, money brought back.
14.	Local Land Charges	Fees & Charges - Income	(300,000)	(224,212)	75,788	Reduction in demand due to depressed housing market and an increase in the use of electronic searches which have a reduced fee and personal search companies
15.	Culture & Heritage	Mill Tower – Special Items	-	(6,450)	(6,450)	Contribution from reserve that is no longer required.
16.	Woodlands	Cherry Orchard – Backfill Works	-	7,000	7,000	Tree Works outstanding from park implementation
17.	Maintenance of Grounds Holding Account	Contract Payments	584,200	576,409	(7,791)	£5,800 from Hockley Parish Council for Tree Works
18.	Leisure Client Account	Arts Development Equipment	5,000	-	(5,000)	Only £630 spent, this was amalgamated into Leisure Client Account ETM.
19.	Development Control Account	Car Allowances	16,300	9,007	(7,293)	Some claims not submitted during the year, plus changes in staffing levels.

NO	Cost Centre	Item	Revised Estimate	Actual	Variance	Explanation
20.	Development Control Account	Planning Delivery	280,700	140,555	(140,145)	Grant adjusted by Government, and reduced by £140,000
21.		Planning Delivery Grant - Income	(276,800)	(164,314)	112,486	See Line 20 - Grant adjusted by Government – this includes grant from previous years and used in 2004/05.
22.		Planning Fees - Income	(240,000)	(227,143)	12,857	Demand Led.
23.	Environmental Health	Liquor Licensing	23,300	15,566	(7,734)	Less licences and certificates converted than expected
24.		Air Quality Review	19,500	8,361	(11,139)	A rolling programme of Air Quality reviews is being conducted so the expenditure will occur in 2005/06.
25.		Environmental Protection Act - Income	(10,000)	(4,610)	5,390	Fewer Vapour Recovery Permits applied for than budgeted for.
26.	Public Health	Sewers & Ditch Clearance	30,000	36,103	6,103	Demand Led.
27.	Public Conveniences	Contract Cleaning	35,000	20,595	(14,405)	The Public Conveniences refurbishment programme delayed the contract negotiations for the increased cleaning programme.
28.	Hackney Carriage	Fees & Charges (total) - Income	(68,200)	(80,613)	(12,413)	Demand Led
29.	Street	Tip Clearance	20,000	13,828	(6,172)	Demand Led

NO	Cost Centre	Item	Revised Estimate	Actual	Variance	Explanation
	Cleansing					
30.	Waste Collection	Recycling Provision/ Contactors	147,500	141,102	(6,398)	£4,500 income from ECC towards Kerbside Recycling.
31.	Waste Disposal	Recycling Credits & Sales - Income	(53,500)	(64,738)	(11,238)	More income due to increased waste recycled.
32.	Off St Parking	NNDR	91,300	83,235	(8,065)	Revaluation of Rayleigh Market Car Park.
33.		Light & Power	2,400	9,954	7,554	Utility companies invoiced authority for prior years.
34.		Permits / Season Tickets - Income	(104,400)	(112,478)	(8,078)	Extra income due to On Street Enforcement.
35.		Excess Charges - Income	(39,000)	(52,968)	(13,968)	As above.
36.	Public Transport	Bus Passes	145,000	128,971	(16,029)	Demand Led.
37.		Community Transport Scheme – Service Delivery	7,000	-	(7,000)	Money was for the vehicle brokerage scheme and was not used during the year.
38.	Private Sector Housing Renewal	Car Allowances	6,200	1,006	(5,194)	Vacant posts reduced mileage claims.
39.	Homelessness	Contacted Accommodation	199,800	127,677	(72,123)	Successful policy to reduce use of Bed and Breakfast Accommodation.
40.		Contracted Accommodation Recharge	(100,000)	(40,970)	59,030	As Above.
41.	Housing Benefit Payments	Rent Allowances	5,277,000	5,787,482	510,482	Demand led
42.		Subsidy - Income	(5,206,000)	(5,402,801)	(196,801)	Demand led plus a contribution to Reserve
43.		Rent Rebates	2,966,000	2,962,803	(3,197)	Demand Led

NO	Cost Centre	Item	Revised Estimate	Actual	Variance	Explanation
44.	Housing Benefit Payments	Subsidy - Income	(2,950,000)	(2,961,709)	(11,709)	Demand led
45.		Council Tax Benefits	3,500,000	3,631,288	131,288	Estimate is set before the amount of council Tax is set, so differences are likely.
46.		Council Tax Benefits - Income	(3,434,200)	(3,697,924)	(263,724)	
47.		Recoveries - Income	(200,000)	(268,322)	(68,322)	Additional income for identifying overpayments.
48.	Housing Benefit Admin	Discretionary Housing Payments – Private Tenants	16,000	-	(16,000)	Expenditure has been included within the general rent allowances figure above.
49.		Verification Framework	-	65,329	(65,329)	Expenditure was matched by income and a contribution from an earmarked reserve.
50.		Income	(65,300)	(102,690)	37,390	
51.		Performance Standards - Income	(32,000)	(23,301)	8,699	Less income from DWP than originally bid for.
52.		DWP – Training Officer - Income	(14,700)	(29,350)	(14,650)	Extra income granted for training post after estimates had been set
53.	Revenues Investigation	Government Grant – WIBS Sanctions - Income	(72,000)	(97,976)	(25,976)	WIB rewards are received for every sanction made. More sanctions were made during the year than expected. (Better Performance)
54.	Central Services – Postal & Office Services	Postal Charges – Bulk Postage	25,900	19,953	(5,947)	Demand Led.

NO	Cost Centre	Item	Revised Estimate	Actual	Variance	Explanation
55.	Office Accommodation – Rochford	Electricity	22,000	28,820	6,820	Utility companies invoiced authority for prior years usage.
56.		Cleaning	40,000	34,402	(5,598)	The budget was based on contract price that included VAT, therefore too high.
57.	Human Resources	Staff Advertising	120,000	98,816	(21,184)	Lower with introduction of Jobs Go Public Scheme.
58.		Staff Reward Scheme	9,400	2,933	(6,467)	Varies with recommendations made.
59.	Computer Services	IT Upgrades	37,400	27,400	(10,000)	£10,000 from reserve, brought into General Fund
60.		Contract Payment	664,000	677,669	13,669	Variations mainly in relation to changes following implementation of E-Government
61.	Legal Services	Legal Fees (Net)	500	(7,782)	(8,282)	Varies with legal fees received and recoveries made.
62.		Rents – Income	(15,000)	(5,378)	9,622	Termination of Renouf's lease
63.	Works Account	Contactors	453,900	431,408	22,492	Some repairs & maintenance items cost less than estimated.
64.	All General Fund Services	Salaries	5,599,000	5,442,719	(156,281)	Vacant Posts

4 HOUSING REVENUE ACCOUNT

NO	Cost Centre	Item	Revised Estimate	Actual	Variance	Explanation
65.	Housing Revenue Account	Repairs	920,600	853,670	(66,930)	There has been an increase in the volume of planned repairs which are financed by the Major Repairs Allowance in the Capital Programme.
	General Management	Salaries	271,200	232,997	(38,203)	Staff Vacancies
		Reversal of Sundry Dr / Cr	-	(29,004)	(29,004)	Write back of miscellaneous amounts raised to meet expenditure in prior years
	Special Services	Staircase & Estate Lighting	10,000	16,538	6,538	Utility companies invoiced for prior years usage.
	Wardened Services	Salaries	182,700	207,931	25,231	Overtime payments to provide staff cover.
		Wardened Emoluments	73,400	50,000	(23,400)	Reduced number of wardens.
		Heating	70,000	76,308	6,308	Demand Led

- 4.1 The resultant General Fund balance is £1,693,871 against the original estimated position of £1,490,814.
- 4.2 Members will need to agree the above as virements to ensure that the revenue accounts are fully authorised.

- 4.3 When preparing the accounts for closure it is usual for some estimates to be used in the absence of the final figures. In this situation auditors will look at the basis of the estimate to see if it is reasonable. When final figures are available any adjustments are incorporated into the accounts for the following year.
- 4.4 For the 2004/05 Housing Revenue Account estimates were used for parts of the rents and charges. This is not a usual area for estimates to be applied and has been necessary due to delays in the final rent reconciliation for the year following the loss of key staff.
- 4.5 The External Auditors have been made aware of this position and have been supplied with a risk analysis to the HRA. When the reconciliations are brought up to date there will be some adjustments required to the HRA, which are not expected to show a significant adverse position to that already reported.
- 4.6 At the time of writing this report the process of appointing someone to undertake this work is well advanced.

5 MEMBER QUESTIONS

- 5.1 There is a lot of detail in this report and therefore although Members can ask questions at Committee it may be more appropriate if Members wish to raise questions at any time before the meeting, they please contact the Accountancy Manager (details at the end of this report).

6 RECOMMENDATION

- 6.1 It is proposed that the Committee **RECOMMENDS** to Full Council
That the budget amendments identified in this report be agreed.

D Deeks

Head of Financial Services

Background Papers:

None

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