

CLOSURE OF ACCOUNTS 2007/2008

1 SUMMARY

- 1.1 This report is to consider some of the detail supporting the Statement of Accounts that will be submitted to Council on 26 June 2008. The purpose of this report is to allow Audit Committee to review variances before the Accounts are finalised.

2 INTRODUCTION

- 2.1 In previous years, this report has been made to the Audit Committee in September, 3 months after approval of the Accounts. In order to strengthen the scrutiny process for the Accounts, the report has been prepared earlier. There will still be a number of changes to the final outturns as work on closing the Accounts is ongoing.
- 2.2 Any material changes made to the information provided in this report during the closure of accounts and subsequent external audit will be reported to the September meeting of this Committee.

3 CONSIDERATION

- 3.1 The analysis of variations over or under the revised estimate for 2007/08, in excess of £5,000 is shown below. The list of variations excludes 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.
- 3.2 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 Senior Management Team and then only for manpower type expenditure. An example would be the employment of an agency worker to temporarily support a vacant post.
- 3.3 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. Senior Management Team requires that these budgets be monitored individually and on a corporate basis.

- 3.4 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 Adverse/ (Favourable)	Explanation
1.	Corporate Management	Best Value/ CPA	44,000	50,918	6,918	Extra costs incurred due to preparation for CPA inspection.
2.		Capacity Building Fund	-	6,582	6,582	At the time of setting budgets, it was not known that we would be claiming any money from the building capacity fund. The expenditure relating to this income sits under budget areas elsewhere.
3.		Capacity Building Fund – Income	-	(47,531)	(47,531)	
4.		LABGI - Income	-	(40,445)	(40,445)	The notification of the additional payment was received after the revised budgets were set.
5.		Building Capacity East – Access to Services	157,500	36,594	(120,906)	The programme of work runs over two financial years and only expenditure incurred in 2007/08 is shown. Agreed programme has been set for 2008/09
6.		Credit/Debit Card Charges	-	14,817	14,817	This relates to manual payments being done on the banking system due to error on automated system.

No	Cost Centre	Item	Revised Estimate	Actual	Variance Adverse/ (Favourable)	Explanation
7.		External Audit Fees – Miscellaneous	52,200	57,573	5,373	Fee is dependant on how many claims PKF audit. Budget is set based on estimate provided by PKF before the work is performed.
8.	Democratic Representation	Members Support & Training	20,000	12,010	(7,990)	Members training was funded mainly from Building Capacity East money resulting in under spend against this budget.
9.	Council Tax	Court Costs - Income	(110,000)	(118,883)	(8,883)	Increase in court proceedings leading to additional court costs being paid.
10.	Council Tax Benefits	Council Tax Rebates	4,120,300	4,187,244	(66,944)	This is demand led based on the number of benefit claimants and discounts claimed.
11.		Housing Benefit Subsidy - Income	(4,140,300)	(4,511,934)	(371,634)	The mid year estimate was set to high, and consequently we over claimed; approximately £150k will be paid back in 2008/09.
12.	Conducting Elections	Cost of Elections	95,000	79,227	(15,773)	Additional equipment required for postal votes did not cost as much as originally anticipated.

No	Cost Centre	Item	Revised Estimate	Actual	Variance Adverse/ (Favourable)	Explanation
13.	Local Land Charges	Fees & Charges - Income	(245,000)	(229,673)	15,327	Due to the introduction of the Home Information Pack (HIP), requests for land search information can now range from £11 to £150 dependant on the information required, making it difficult to set accurate estimates for this demand led.
14.	Maintenance of Grounds Holding Account	Contract Payments	639,800	608,800	(35,000)	Grounds Maintenance contractual works not completed by outgoing contractors.
15.		Holmes Place Contribution – Sports Development - Income	(33,600)	(27,090)	(6,510)	Funding is claimed from Holmes Place for the Sports Development Officer post, which was vacant for 2 months.
16.	Building Control Fee Account	First Inspection - Income	(230,000)	(210,767)	19,233	Income down on estimate due to fewer applications.
17.	Development Control	Planning Delivery	154,700	101,765	(52,935)	Actual expenditure lower than budget due to prior year grant still being used.
18.		Planning Delivery – Income	(178,400)	(206,025)	(27,625)	Budget set before grant figure was confirmed.
19.		Planning Fees - Income	(280,000)	(261,978)	18,022	Fewer larger planning applications that attract higher fees, income mainly made up of smaller household applications.

No	Cost Centre	Item	Revised Estimate	Actual	Variance Adverse/ (Favourable)	Explanation
20.	Environmental Initiatives	Subscriptions	10,200	4,800	(5,400)	Only invoiced by Groundwork Trust for £5k, budget set at £10k, budget will be reduced at estimate time.
21.	Economic Development	Subscriptions	31,100	23,352	(7,748)	Refund from Essex Local Government Association for £5,778 as they have disbanded.
22.	Community Safety	Building Safer Communities	-	61,861	61,861	Income relates to Local Area Agreement funding for improving community safety. Expenditure was used on various projects and additionally to fund coordinator post from salaries. Not known at budget time the amount we would be receiving.
23.		Building Safer Communities - Income	(24,500)	(86,115)	(61615)	
24.	Cemeteries & Churchyards – Open	Grave Purchases - Income	(33,000)	(46,256)	(13,256)	Estimates can only be based on historic rates – Demand Led.
25.		Interments – Income	(50,000)	(57,562)	(7,652)	
26.	Environmental Health	Smoke Free Legislation	37,500	418	(37,082)	Budget used to fund an Environmental Enforcement Officer for 1 year from April 08.
27.		Smoke Free Legislation – Income	(37,500)	(37,539)	(39)	
28.		Contaminated Land	17,000	11,004	(5,996)	Demand led – Based upon number of land investigations done in year.
29.	Licensing	Liquor Licensing – Income	(48,100)	(55,521)	(7,421)	More premises requesting a licence than forecast.

No	Cost Centre	Item	Revised Estimate	Actual	Variance Adverse/ (Favourable)	Explanation
30.	Public Health	Sewers & Ditch clearance	30,000	21,148	(8,852)	Demand Led – Budget at revised kept to £30,000 as is dependant on winter weather conditions
31.	Public Conveniences	Electricity	13,000	620	(12,380)	Overcharged during 2006/07, credits have been received in this financial year.
32.	Hackney Carriage	Vehicle Licensing – Income	(61,000)	(66,205)	(5,205)	Increase in the number of Private Hire Vehicles requiring licences
33.	Street Cleansing	Tip Clearance	12,500	6,380	(6,120)	Demand led budget.
34.	Waste Disposal	Recycling Credits	169,000	184,395	15,395	Less income due to lower than expected tonnage of waste recycled.
35.		Recycling Credits – Income	(324,600)	(315,595)	9,005	
36.	On St Parking	Penalty Charge Notices – Income	(135,000)	(176,652)	(41,652)	Income was higher than expected. – Demand Led.
37.	Off St Parking	Permits/ Season Tickets – Income	(200,000)	(179,310)	20,690	Potential reasons are the rise in season ticket cost has stopped some people from renewing; this in turn could be a factor in the Penalty charge notice increase for On St Parking as more people look to park on the roads.
38.		Excess Charges	(90,000)	(115,467)	(25,467)	Income was higher than expected. – Demand Led.
39.	Public Transport	National Bus Pass Set Up Costs	62,900	28,164	(34,736)	Remainder of budget to be used when scheme starts nationally in

No	Cost Centre	Item	Revised Estimate	Actual	Variance Adverse/ (Favourable)	Explanation
						2008/09.
40.	Housing Strategy	Choice Based Lettings	20,000	-	(20,000)	No system has yet been agreed, £10k budget set for 2008/09 when scheme should be introduced.
41.	Homelessness	Contracted Accommodation	50,000	117,157	67,157	Net cost is £66,601 against a net budget of £32,000. Due to the unstable financial situation more homes are being repossessed and people are declaring themselves homeless.
42.		Contracted Accommodation Recharge – Income	(18,000)	(50,556)	(32,556)	
43.		Rent Guarantee Scheme	10,000	16,286	6,286	Completed more than anticipated. Budget to be increased for 2008/09.
44.		Priority Need	30,000	-	(30,000)	Under spend to be carried forward into 2008/09, to be used for improvements to temporary accommodation and the homelessness services in line with the homelessness strategy.
45.	Housing Benefit Payments	Rent Allowances	8,838,800	9,383,479	544,679	Demand Led.
46.		Rent Rebates	1,603,100	1,635,788	32,688	Demand Led.
47.		Rent Allowance Subsidy – Income	(8,704,049)	(9,191,589)	(487,540)	Subsidy receivable in line with paid allowances.
48.		Recoveries – Income	(290,000)	(335,012)	(45,012)	Additional income for identifying

No	Cost Centre	Item	Revised Estimate	Actual	Variance Adverse/ (Favourable)	Explanation
						overpayments.
49.	Housing Benefit Administration	Department for Work & Pensions – Local Housing Allowance	81,200	53,410	(27,790)	Income for £81k has been received in the year and under spend will be carried forward to be spent in line with specific guidelines.
50.	Revenues Investigation	30% Fine for Fraud – Income	(500)	(7,363)	(6,863)	Relates to people being taken to Magistrates Court and the fine for being found guilty of fraud.
51.	Central Service – Postal & Office Services	Postal Charges – Franking	50,000	56,998	6,998	Budget based on previous year's usage – Demand led.
52.	Office Accommodation – Rochford	Gas	16,000	6,311	(9,689)	Reduction in costs due to new OGC contract that the Authority has joined. The OGC has secured rates that are lower than the British Gas Standard rate.
53.		Electricity	40,000	33,518	(6,482)	
54.	Human Resources	Occupational Health	15,000	1,483	(13,517)	Planned Health & Wellbeing sessions were deferred because the trainer was unavailable. Budget carried forward to cover cost of sessions in 2008/09.
55.		Central Training Provision	36,000	14,949	(21,051)	Savings made through partnership working. Agreed to be carried forward to 2008/09.
56.		Relocation Expenses	12,600	7,595	(5,005)	Budget is demand led based on number of filled

No	Cost Centre	Item	Revised Estimate	Actual	Variance Adverse/ (Favourable)	Explanation
						senior vacancies.
57.		Staff Advertising	70,000	84,631	14,631	Due to senior vacant posts advertisements were placed more widely.
58.	Computer Services	IT Upgrades / Developments	88,500	79,737	(8,763)	Spending on some items due towards the end of the year but were let down by a supplier.
59.		Essex On Line Partnership	15,000	10,000	(5,000)	RDC's contribution came in less than expected.
60.	Legal Services	Legal Fees – Income	(12,000)	(37,315)	(25,315)	Demand led and therefore difficult to predict accurately. Additional income includes £5k refund in relation to Southend United stadium enquiry, and £19k for release of restricted conveyance.
61.	Works Account	Contractors	753,400	633,766	(119,634)	Some repairs & maintenance items cost less than expected.
62.	All General Fund Services	Salaries	6,759,700	6,572,468	(187,232)	Vacant posts and posts filled at grades below top of grade.

4 HOUSING REVENUE ACCOUNT

NO	Cost Centre	Item	Revised Estimate	Actual	Variance	Explanation
1.		Council Tax Voids	9,600	75	(9,525)	Relates to refunds from council tax collected for the

NO	Cost Centre	Item	Revised Estimate	Actual	Variance	Explanation
						whole year. When housing stock was transferred, RDC were refunded for part of the year.
2.		Salaries	356,200	350,012	(6,188)	Vacant posts and posts filled at grades below top of grade.

- 4.1 Members will need to agree the above as virements to ensure that the revenue accounts are fully authorised.

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 5 June 2008 that they please contact the Senior Accountant (details at the end of this report).
- 5.2 A summary of the points raised will be reported to Members at this Committee meeting.

6 RECOMMENDATION

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

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Background Papers:-

None

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If you would like this report in large print, Braille or another language please contact 01702 546366.