
REPORT TO THE MEETING OF THE EXECUTIVE 8 FEBRUARY 2012**PORTFOLIO: FINANCE AND RESOURCES****REPORT FROM HEAD OF FINANCE****SUBJECT: QUARTER 3 2011/12 FINANCIAL MANAGEMENT REPORT****1 DECISION BEING RECOMMENDED**

- 1.1 To note the current year-end forecasts for the revenue budgets of the Council based on financial performance in period April - December of the financial year 2011/12, as shown in appendix 1.
- 1.2 To note the current financial performance on key financial indicators, as shown in appendix 2.
- 1.3 To note and agree the quarter 3 capital monitoring report in appendix 3.

2 REASONS FOR RECOMMENDATION

- 2.1 The purpose of this report is to provide Members with the latest forecast for the General Fund revenue budgets for the end of the year compared to the revised budgets agreed in December 2011. 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 2011.
- 2.2 Within the cost centres, there are budget headings that are considered significant to the overall financial position of the Authority. An example of this would be salaries, which account for £6.5m of total expenditure or significant income streams such as planning fees or parking. These key financial indicators are summarised in appendix 2.
- 2.3 The Council has strong budgetary control arrangements with the Finance team working with departmental officers to identify potential overspends or under recovery of income. Overspends are usually covered by virements from other budgets. The commentary in appendix 1 does not attempt to cover all the budgetary changes as cost centres may have over 30 different budget lines, but it draws attention to the key factors affecting the net expenditure for that cost centre. If the variance is under £5,000, there is no commentary. Some of the forecast under spends are due to staff vacancies, which have either been filled or are being held pending future staffing requirements. The Portfolio Holder for Finance and Resources receives quarterly reports on staff vacancies.

- 2.4 The quarter 3 capital monitoring report provides Members with an up to date position on how projects funded through the capital programme are progressing.

3 OVERALL FINANCIAL POSITION

- 3.1 The results to the end of December 2011 indicate that for the General Fund, the year-end position is forecast to meet the revised estimate of £10.5m.

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

- Planning fee income is forecast to be £20,000 above revised budget.
- Income from penalty charge notices is forecast to be £20,000 above revised budget.
- Expenditure on housing people in bed and breakfast accommodation is forecast to be well under revised budget by about £50,000.
- Expenditure on planned, responsive and special item maintenance works are forecast to be around £80,000 under budget.
- Income from recycling is forecast to be around £50,000 higher than budgeted for. This is due to a higher rate of recycling being achieved by our residents than expected.

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

- Despite a new charging scheme being put in place in October 2011, income from pay and display machines is forecast to be £80,000 below revised budget.
- Income from car park season tickets is also expected to be below revised budget by £42,000.
- Income from Building Control charges is forecast to be £85,000 below revised budget.
- Income from Land Charges is forecast to be £18,000 below revised budget.

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

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

	Council Tax	NNDR	Benefits	Parking	Housing	Total
2009/10	31,213	145,345	7,973	17,418	129	202,078
2010/11	54,891	127,593	19,589	7,665	3,123	212,861
2011/12	25,938	164,099	9,002	6,800	2,034	207,873

The Council collects over £47.5m in council tax and £14.12m in National Non domestic Rates (NNDR). Housing and Council Tax benefits payments total £20.9m per year. For council tax and NNDR, the majority of the write offs are in relation to bankruptcies and insolvencies or where the Council is unable to trace the debtor. The debts written off for benefits are primarily overpayments where the benefit claimant has been late in advising a change of circumstances. For all types of debts, they are only written off after recovery methods have been exhausted.

4 2011/12 QUARTER 3 CAPITAL MONITORING

- 4.1 This provides an update on the financial progress in completing the Capital Programme for 2011/12, which is shown in appendix 3 to this report. The current Capital Programme for 2011/12 was agreed by Council on 21 July 2011.
- 4.2 The appendix shows that, in financial terms, 29% of the planned expenditure has been completed, however, the majority of projects are expected to be completed by the end of 2011/12. The exception to this is Hall Road Cemetery Extension, the completion of which may be deferred, depending on use of the existing part of the cemetery.
- 4.3 The majority of the capital provision in 2011/12 is for three projects - the heating and electrical upgrade of the Council's offices, Hall Road Cemetery Extension and Cherry Orchard Jubilee Country Park.
- 4.4 The Capital Programme is funded by grants, capital receipts from proceeds of a VAT Shelter arrangement and the sale of council housing under a sharing arrangement with Rochford Housing Association

5 CONTRACTS FOR TENDER

- 5.1 At Council on 22 February 2011 it was agreed that Members be informed of all forthcoming competitively tendered contracts above £25,000. In addition to the Members' Bulletin, these are now included in this Quarterly Financial Management Report.
- 5.2 In addition, a full list of our contracts up to 2013 are published on the Rochford District Council website in the "selling to guide".
- 5.3 There are no contracts valued at £25,000 or more expected to be tendered in the final quarter of financial year 2011/12 (between January-March 2012).

6 RISK IMPLICATIONS

- 6.1 Current general economic conditions still have the potential to adversely affect some of our major income streams, such as Parking, Building Control and Development Control income. Further falls in activity may lead to further reductions in income. Benefits activity has increased which may increase expenditure on processing claims if turnaround times are to be maintained. Changes to benefits may also increase the number of homeless.
- 6.2 Despite effective recovery action of arrears and continued promotion of direct debit, collection rates for council tax are down by 0.3% for quarter 3 compared to the same period last year. As austerity measures tighten and people's disposal income diminishes, collection rates will be monitored closely over the remainder of the year.
- 6.3 Changes to legislation, economic factors and external funding can put pressure on resources. Regular monitoring of those budgets with the higher risk considerations will assist in controlling resource risk.
- 6.4 Delays in completing the items on the Capital Programme could prevent the Council from achieving its strategic objectives and lead to adverse publicity.

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

Background Papers:-

None.

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

FINANCIAL MANAGEMENT REPORT
FORECAST YEAR-END POSITION FOR 2011/12 AS AT END OF DECEMBER 2011

SERVICE: CHIEF EXECUTIVE INCLUDING PEOPLE & POLICY UNIT

Service Area	2011/12 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Chief Executive's Office	180,500	178,828	(1,672)	
Human Resources	202,500	183,127	(19,373)	There are projected savings of £9,000 on the central training budget and £9,000 on the Occupational Health budget.
Corporate Management Account	201,900	205,837	3,937	
Emergency Planning & Health and Safety	70,400	65,613	(4,787)	
Corporate Policy & Partnership	115,900	103,856	(12,044)	Savings part of revised salary savings target.
Communications	75,400	58,220	(17,180)	

SERVICE: COMMUNITY SERVICES

Service Area	2011/12 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Council Tax	232,800	236,067	3,267	
Housing Benefit Administration	(166,400)	(190,826)	(24,426)	Since setting revised estimate, two posts have entered into maternity leave, and one post has reduced hours.
Community Services Client Account	127,900	125,755	(2,145)	
Business Rates	(42,300)	(41,508)	792	
Council Tax Benefits	(65,584)	(213,857)	(148,273)	Subsidy payments are based on grant claims submitted at key times in the year. Current claims are based upon the latest claim submitted.
Housing Benefit Payments	(11,600)	(223,589)	(211,989)	
Revenues Investigation Section	124,700	103,286	(21,414)	Projected £13k savings due to staff turnover, part of revised salary savings target. Additional income has been received which was not known at time of revised budget setting.
Culture & Heritage – Windmill	39,600	35,261	(4,339)	
Leisure Premises	1,566,600	1,565,093	(1,507)	
Sports Development & Promotion	16,100	16,400	300	
Leisure Client Account	158,300	162,796	4,496	
Housing Strategy	109,100	105,402	(3,698)	
Private Sector Housing Renewal	597,900	600,069	2,169	

SERVICE: COMMUNITY SERVICES

Service Area	2011/12 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Homelessness	515,100	457,085	(58,015)	Favourable variance equates to forecasted savings on housing people in bed and breakfast accommodation. Levels of people in need of bed and breakfast accommodation have reduced from 26 in quarter 2, to 16 for this quarter. Revised budget was set on figures remaining consistent from quarter 2.
Community Safety	83,200	70,337	(12,863)	Savings due to staff turnover, part of revised salary savings target.

SERVICE: ENVIRONMENTAL SERVICES

Service Area	2011/12 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Woodlands	91,400	63,261	(28,139)	Savings due to staff turnover, part of revised salary savings target.
Maintenance of Grounds Holding Account	1,017,400	1,014,337	(3,063)	
Parks & Open Spaces	294,300	252,871	(41,429)	Savings relate mainly to under spends on responsive and planned maintenance works. These will be achieved through changes to working arrangements, and to a certain extent will be governed by the weather over the next 2 months.
Environmental Health	533,100	531,921	(1,179)	
Licensing	(18,300)	(23,298)	(4,998)	
Public Health	16,100	12,825	(3,275)	
Public Conveniences	92,900	89,659	(3,241)	
Street Cleansing	642,100	624,784	(17,316)	Savings are forecasted to be generated on minor groundwork's and street scene environmental works.
Recycling Collection	2,260,000	2,261,473	1,473	
Recycling Disposal	(986,000)	(1,038,256)	(52,256)	Forecasted income is higher than full year revised budget due to greater than expected recycling yields. The current year to date percentage of waste recycled or composted by our residents is 69.58% against a target rate for the year of 65%.
Depot	310,500	317,879	7,379	Relates to overtime and acting up allowances.
Highways/Roads Routine	(19,900)	(24,302)	(4,402)	

SERVICE: FINANCE

Service Area	2011/12 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Coast Protection	2,000	2,000	-	
Financial Services	457,000	443,291	(13,709)	Staff savings due to changed working arrangements for one post, unknown when revised estimates set.
Cashiers	35,200	38,271	3,071	
Audit & Performance Management	178,200	179,386	1,186	

SERVICE: INFORMATION AND CUSTOMER SERVICES

Service Area	2011/12 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Conducting Elections	108,750	108,157	(593)	
Registration of Electors	72,550	67,642	(4,908)	
Reception	137,100	109,455	(27,645)	Savings due to staff turnover, part of revised salary savings target.
Information & Support Services	478,400	453,184	(25,216)	Savings relate to printing and central stationery budgets.
Computer Services	1,273,100	1,227,344	(45,756)	IT upgrades budget is forecasted to be around £15,000 under budget by the end of the year. plus savings from staff turnover, part of revised salary savings target.
Customer Services	338,500	335,209	(3,291)	

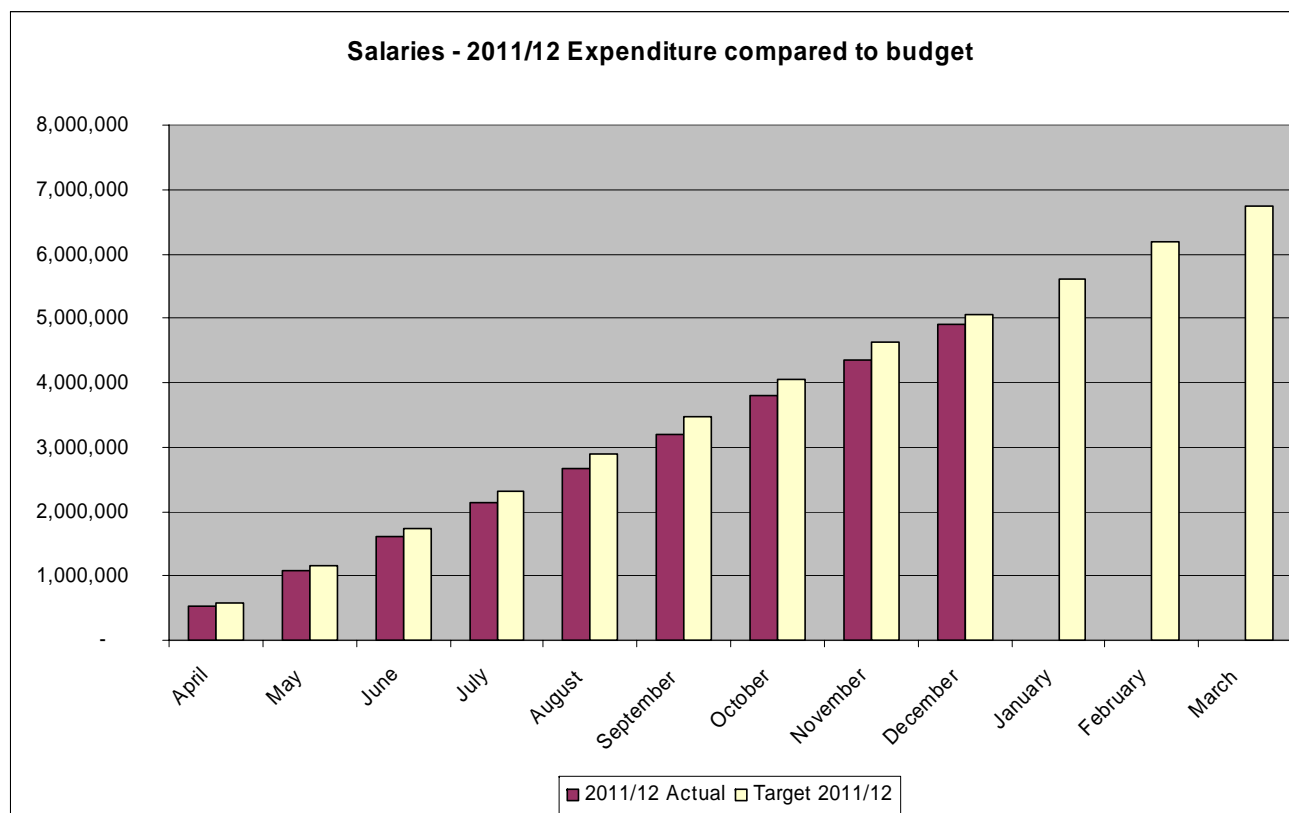
SERVICE: LEGAL, ESTATES AND MEMBER SERVICES

Service Area	2011/12 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Office Accommodation Rochford	340,100	313,141	(26,959)	Savings are also expected on planned and responsive maintenance works. Planned internal decoration works will be delayed until the electrical re-wiring project has been completed.
Office Accommodation Rayleigh	52,800	45,022	(7,778)	
Local Land Charges	(102,700)	(84,518)	18,182	Income from land searches is expected to be below revised budget.
Cemeteries & Churchyards – Open/Closed	(112,100)	(111,839)	261	
Estate Management Services	141,900	143,704	1,804	
Legal Services	301,900	290,555	(11,345)	There are forecasted savings of £12,000 due to staff turnover, part of the revised salary savings target.
Member Services	554,800	550,337	(4,463)	

SERVICE: PLANNING AND TRANSPORTATION

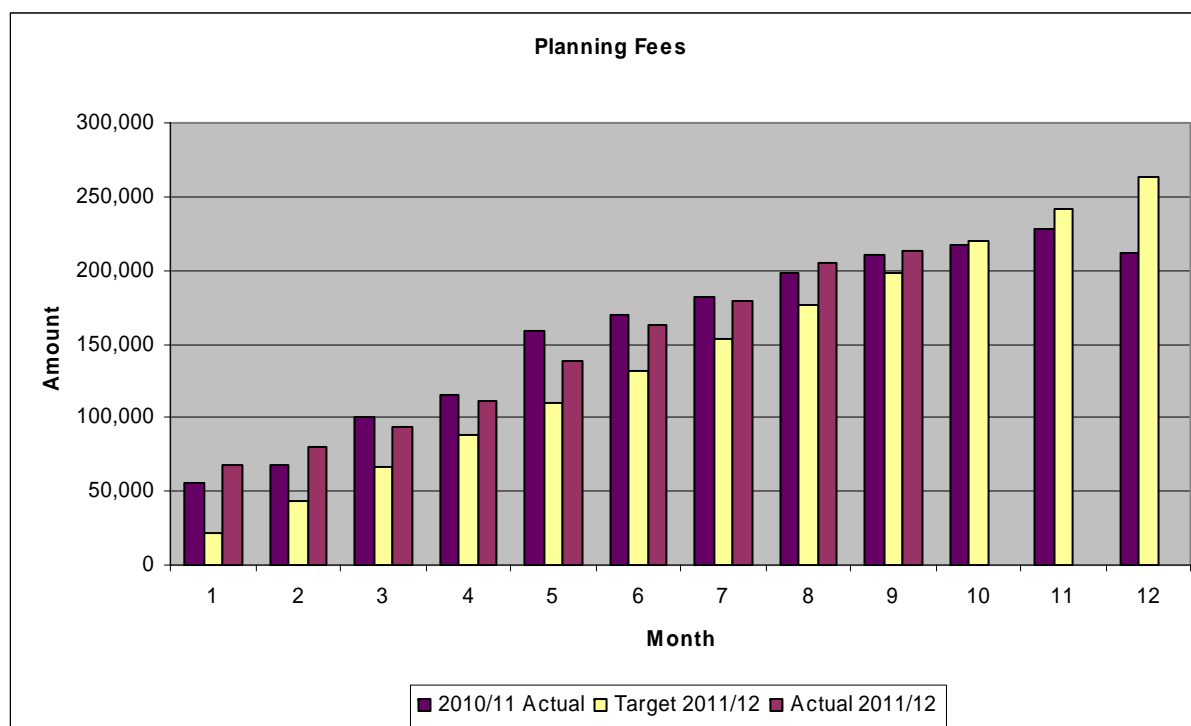
Service Area	2011/12 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Building Control Client Account	239,700	228,529	(11,171)	Saving relates to change in staffing arrangements, unknown at time of setting revised budgets.
Building Control Fee Account	(300,300)	(223,918)	76,382	Income from Building Control charges not expected to meet budget. This is a result of the fall in the number of applications being received, which has dropped from 197 in Quarter 3 2010/11 to 179 for the same quarter in 2011/12.
Planning Policy	256,800	235,740	(21,060)	Salary savings due to vacant post being recruited at a lower scale point.
Development Management	137,400	100,815	(36,585)	Savings due to staff turnover, part of revised salary savings target.
Planning & Building Control Administration	116,200	99,678	16,522	Savings due to staff turnover, part of revised salary savings target.
Hackney Carriage	5,000	5,629	629	
Off St Parking	(827,200)	(704,332)	122,868	Income from pay & display machines is expected to be around £80,000 below budget despite the new charging regime put in place in October 2011. Current indications are that income from Season tickets will be below budget by £40,000. Savings of £20,600 are forecast on responsive and planned maintenance budgets.
Public Transport	(15,200)	(16,121)	(921)	
Economic Development	253,300	255,400	2,100	

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

Salaries**Commentary**

Total salaries are estimated at £6.465m which includes a revised salary strategy saving of £279,000. There is no planned cost of living rise for the current year.

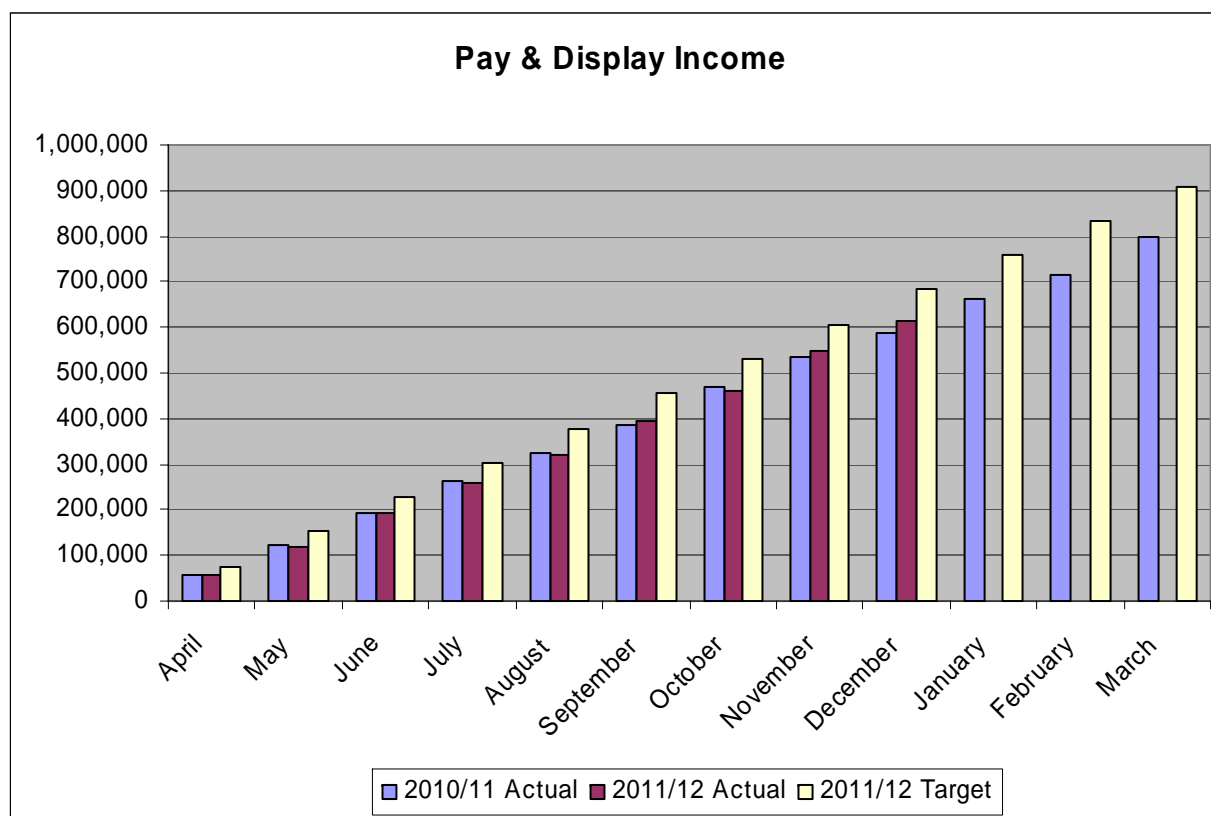
Expenditure on salaries is managed corporately and will be kept within the overall total. There is a possibility of further savings on salaries depending on staff turnover in the remainder of the year.

Planning Fees**Commentary**

The original budget for planning fees income was £264,000, this was not revised during the year.

At this stage, the year to date position is over budget by £15,216. With this in mind, year end forecasts predict total income to be near £285,000, around £20,000 additional income. It must be noted though that changes in legislation mean that Planning fees are currently being reviewed, the new fee structure is currently expected to commence 1 April 2012.

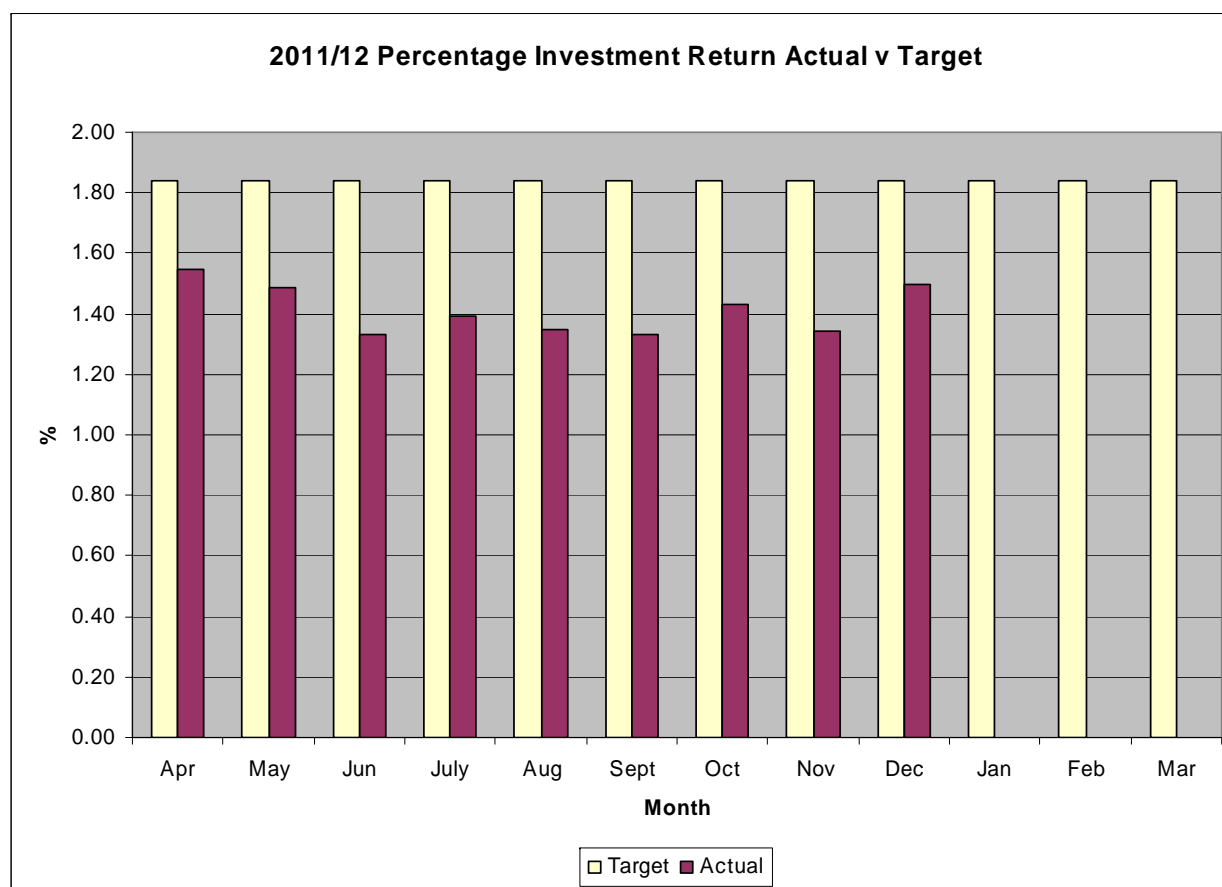
Compared to the same period in previous years, 2011/12 income at £213,216 is up by £2,801 against 2010/11 and up by £27,001 against 2009/10.

Parking Fees**Commentary**

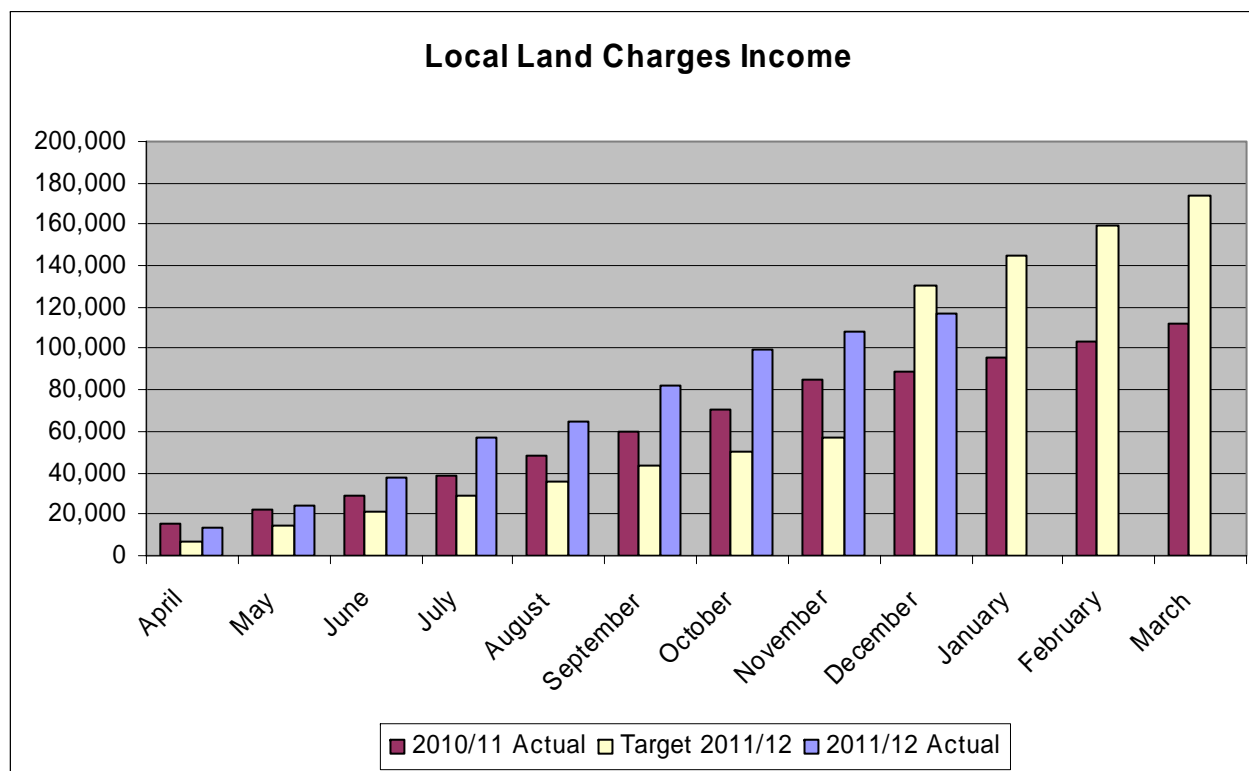
The original budget for 2011/12 was set at £910,000 and was not revised because the new tariff was only introduced in October and it was difficult to assess the impact.

Income at £616,158 is down against the year to date target of £682,500. This compares to £588,821 for the same period, against a final figure for 2010/11 of £797,713.

The current forecast for the end of year is £830,000.

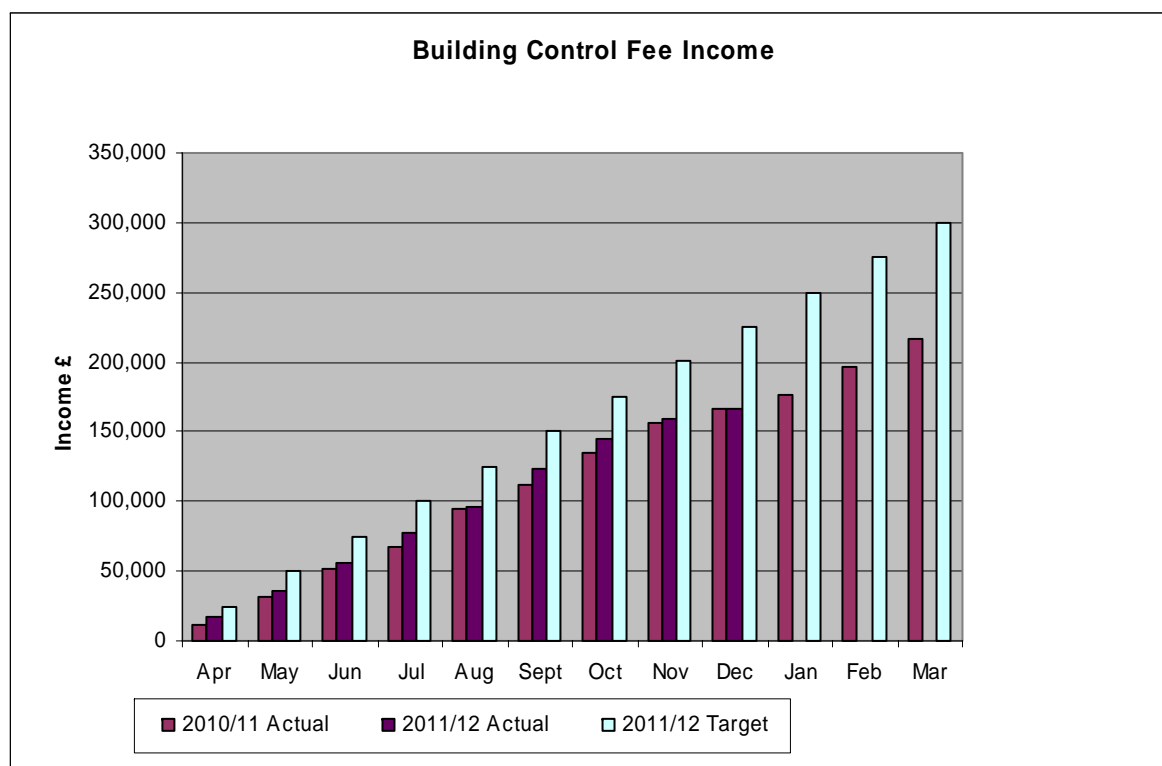
Investment Income**Commentary**

The revised estimate for investment income for 2011/12 is £96,000. Current indications are that income from investments will be around £90,000 for 2011/12. Current interest rates are between 0.75% and 0.95% for short term deposits. For 12 months deposit we are currently able to get between 1.80% and 2.50%. Revised budget has been set assuming that the Bank of England base rate is unlikely to change for the remainder of 2011/12.

Local Land Charges**Commentary**

The revised budget for 2011/12 is £174,000, original budget was £86,000. Income to date is £116,987 against a year to date target of £130,500.

Income for the year is forecast to be around £18,000 less than revised budget based on the income received to date.

Building Control Income**Commentary**

The original budget for 2011/12 was £300,300, and was not revised. Income to date is £166,628 against a year to date target of £225,225. This compares to £165,922 for the same period last year.

Application rates have dropped from 238 in Quarter 2 this year to 179 in quarter 3. Given the continuing problems economically, levels are likely to remain low for the forecasted period. Income as at the end of 2011/12 is forecast to be around £85,000 below revised budget.

QUARTER 3 CAPITAL MONITORING REPORT 2011/12

	Client Officer	Approved 2011/12	Actual 2011/12	Commentary
Information & Communications				
ICT Strategy	Sarah Fowler	50,000	26,108	The funding will be used for a remote access solution that is compliant with the Code of Connection (CoCo) and will also assist in funding the move of the Council's servers to an offsite data centre. A detailed project plan is awaited from CAPITA, but a target date of April is in place for go live.
Vehicles and Equipment				
Wheelie Bins	Richard Evans	102,208	81,221	Budget is used to buy stocks of bins as required and to complete the final roll out of Kerbside scheme for flats.
Vehicle Replacements	Yvonne Woodward	23,700	12,500	Funds were released to purchase a road worthy tractor for use at the District's open spaces.
Equipment Replacement Programme	Sarah Fowler/ Shaun Scrutton	161,874	102,056	Costs for the photocopiers have been received and are now being reviewed so should be purchased before the end of the year. The purchase and installation of the new car park machines has been completed. Audio Visual Equipment is being reviewed for requirements. May be necessary to roll the budget into 2012/13.
Operational Assets				

	Client Officer	Approved 2011/12	Actual 2011/12	Commentary
Hall Road Cemetery Extension	Albert Bugeja	222,383	15,070	Expenditure so far relates to works on the Access Road started in 2010/11. Remaining works are under review.
Rochford Offices -Heating and Electrical Works	Albert Bugeja	400,000	154,428	The heating installation is complete. Electrical works have started and are due to be completed by the end of the financial year. It is anticipated that all of this budget will be utilised.
Rayleigh Office Accommodation - Structural Repairs	Albert Bugeja	25,000	9,729	2011/12 works to sections of the roof at the Civic Suite have been completed.
Council buildings - Climate CO ₂ de Actions	Albert Bugeja	52,104	47,328	The boiler works in the Council's Old and Red houses have been completed.
Pavilion Refurbishments	Richard Evans	30,000	-	Options for leases of some of the pavilions have been looked at which has delayed potential works. The Executive will approve the programme for 2011/12.
Parks & Play Facilities				
Play Spaces	Richard Evans	75,380	25,191	2011/12 programme has been approved by Executive.

	Client Officer	Approved 2011/12	Actual 2011/12	Commentary
Cherry Orchard Jubilee Country Park	Richard Evans	227,842	16,187	<p>2011/12 programme:-</p> <p>Permissive Route for horses 45,000</p> <p>Woodlands Assistant 20,000</p> <p>Services Building 140,000</p> <p>Arboretum 10,000</p> <p>Works on the permissive route are still subject to determining land ownership. All trees for the arboretum are purchased, they now need to be planted. The provision of a service building is under review. This is unlikely to be spent this financial year.</p>
Parks & Open Spaces Programme	Richard Evans	111,596	23,703	Expenditure relates to final payments for 2010/11 programme. 2011/12 programme has been approved by Executive. It is forecast that £34,000 of works will be completed in 2012/13.
Fairview Drainage	Richard Evans	35,000	-	Tenders have been evaluated and order to be placed shortly.
Turret Farm Drainage	Richard Evans	15,000	-	Quotations were obtained in January.
Externally Funded Projects				
Thames Gateway Decent Homes	Jeremy Bourne	135,075	71,464	Grant funded, works are carried out throughout the year.
Housing				

	Client Officer	Approved 2011/12	Actual 2011/12	Commentary
Home maintenance and Adaptation Grants	Jeremy Bourne	70,000	59,584	The Home Improvement Agency (HIA) contract with our previous partner has terminated and therefore expenditure has been delayed whilst discussions continue with the new HIA provider around the future service. It is expected that the remaining budget will be committed prior to year end.
Disabled Facilities Grants	Jeremy Bourne	256,000	163,223	This is demand led dependant on grant applications. All expenditure is expected to be committed prior to year end.
Total Expenditure		1,993,162	807,792	41% Completed