

## CLOSURE OF ACCOUNTS 2006/2007

### 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 26 June 2007.

### 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 at this meeting.

### 3 CONSIDERATION

- 3.1 The analysis of variations over or under the revised estimate for 2006/07, in excess of £5,000 is shown below. 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.
- 3.2 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	Explanation
1.	Corporate Management	Capacity Building Fund	129,700	44,479	(85,221)	We can claim for expenditure incurred. The expenditure relating to the £11,882 difference is shown under salaries as it relates to Performance Improvement Officers post. The amount not yet claimed will be spent in 2007/08.
2.		Capacity Building Fund – Income	(129,700)	(56,361)	73,339	
3.		Local Strategic Partnership	-	45,000	45,000	This relates to funding & expenditure for the whole partnership for which we act as banker. Expenditure matches income. Received more income than originally estimated due to Performance Reward Grant funding the LSP, this was not known until March 07.
4.		Local Strategic Partnership – Income	(15,000)	(45,000)	(30,000)	
5.		External Audit	128,600	114,819	(13,781)	Budget for Use of Resources was included twice under separate headings.

NO	Cost Centre	Item	Revised Estimate	Actual	Variance	Explanation
6.		Public Service Agreements	(50,800)	(25,424)	25,376	Half income allocated as Capital, not known at budget time.
7.	Democratic Representation	Members Allowances	183,500	192,075	8,575	Miscoding of travel and subsistence expenses. Overall variance of £3,426 is only 1.8% of total budget.
8.		Expenses	7,200	2,051	(5,149)	
9.		Newspaper	29,200	32,613	3,413	This budget is difficult to forecast. Income is based upon amount of advertising in the Rochford District Matters each year. When income & expenditure are combined there is a net surplus over budget of £2,427 compared to a deficit of £5,392 in the previous year.
10.		Newspaper - Income	(20,200)	(26,040)	(5,840)	
11.	Other Operating Income & Expenditure	Net External Finance – Income	(499,000)	(781,020)	(282,020)	Higher level of investments and interest rates.
12.	Council Tax	Court Costs - Income	(156,100)	(101,529)	54,571	Reduction in Council Tax issues going to court.
13.	Local Land Charges	Fees & Charges - Income	(230,000)	(255,955)	(25,955)	Demand Led.
14.	Building Control Fee Account	First Inspection – Income	(180,000)	(163,813)	16,187	Income down on estimate due to fewer applications.

NO	Cost Centre	Item	Revised Estimate	Actual	Variance	Explanation
15.	Development Control	Planning Delivery	129,500	-	(129,500)	No expenditure due to prior year Planning Delivery Grant still being used.
16.		Planning Delivery – Income	(163,400)	(33,892)	129,508	Grant received was £172,436 of which £33,892 was used to fund salaries, remaining £138,544 transferred to reserve.
17.		Planning Fees – Income	(260,000)	(220,965)	39,035	Fewer larger planning applications that attract larger fees, income mainly made up of smaller household applications.
18.	Community Safety	External mediation services	10,000	-	(10,000)	Demand Led. Budget used as contingency, to be reviewed in 2007/08.
19.	Cemeteries & Churchyards – Open	Grave Purchases – Income	(31,000)	(39,616)	(8,616)	Estimates can only be based on historic rates – demand led.
20.		Interments – Income	(48,000)	(57,688)	(9,688)	
21.	Public Conveniences	Electricity	1,900	20,335	18,435	Overcharged during the year, credits received in 2007/08 to cover this.
22.	Waste Collection	Recycling Events & Promotions	5,000	-	(5,000)	Grant funding used instead of planned budget.
23.	Waste Disposal	Recycling Credits & Sales – Income	(273,500)	(280,125)	(6,625)	More income due to higher tonnage of waste recycled.
24.	On Street	Penalty Charge	(70,000)	(80,335)	(10,335)	Enforcement

NO	Cost Centre	Item	Revised Estimate	Actual	Variance	Explanation
	Parking	Notices – Income				was targeted at On Street and therefore income was more.
25.	Off Street Parking	Excess Charges – Income	(83,000)	(59,237)	23,763	Due to shortage of parking attendants during the year, therefore income was less than budgeted.
26.		Parking Fees – Income	(726,800)	(741,913)	(15,113)	Demand Led, given large budget, variance is only 2%.
27.		Permits & Season tickets – Income	(165,000)	(176,364)	(11,364)	Demand Led – Surplus equates to an extra 20 season tickets bought.
28.	Homelessness	Contracted Accommodation	80,000	36,004	(43,996)	Net cost is £25,833 against a budget of £62,000. This relates to people being housed in other forms of accommodation due to policy to reduce use of B&B Accommodation
29.		Contracted Accommodation – Income	(18,000)	(10,171)	7,829	
30.		Grants & Contributions	19,700	12,400	(7,300)	Department advised that they are not paying the Homeless Action Resource Project (HARP) grant. To late to affect revised budget.

NO	Cost Centre	Item	Revised Estimate	Actual	Variance	Explanation
31.		Rent Guarantee Scheme	10,000	10,242	242	Income matched against expenditure
32.		Rent Guarantee Scheme – Income	-	(10,589)	(10,589)	
33.	Housing Benefit Payments	Rent Allowances	6,802,800	7,238,859	436,059	Demand Led.
34.		Rent Allowance Subsidy – Income	(6,668,400)	(6,870,405)	(202,005)	Subsidy receivable in line with paid allowances.
35.		Rent Rebates	3,161,500	3,126,208	(35,292)	Demand Led.
36.		Rent Rebate Subsidy – Income	(3,181,000)	(3,082,265)	98,735	Subsidy receivable in line with paid allowances.
37.		Recoveries – Income	(220,000)	(428,953)	(208,953)	Additional income for identifying overpayments.
38.	Housing Benefit Administration	Discretionary Housing Payments – Private Tenants	12,000	14	(11,986)	Budget not used. Included under rent allowances.
39.		Capita Call centre	65,500	51,316	(14,184)	Additional £10k requested at Council, not used in the year.
40.	Central Services – Postal & Office Services	Postal Charges – Franking	52,200	47,006	(5,194)	Budgets were based on previous years usage – Demand Led.
41.		Postal Charges – Bulk Postage	27,000	37,606	10,606	
42.	Office Accommodation - Rochford	Gas	5,500	10,590	5,090	This gas payment is not part of the main contract. The price varied according to the standard rate from the supplier.

<b>NO</b>	<b>Cost Centre</b>	<b>Item</b>	<b>Revised Estimate</b>	<b>Actual</b>	<b>Variance</b>	<b>Explanation</b>
43.		Electricity	22,000	38,263	16,263	Overcharged on Electricity – Credits have been received in 2007/08 to cover this.
44.	Office Accommodation – Rayleigh	Electricity	5,400	43	(5,357)	Credit from prior year set against expenditure this year.
45.	Financial Services	Administration support for Crime & Disorder P'ship - Income	-	(5,193)	(5,193)	Contribution from the Safer & Stronger Communities fund for support by Finance staff, no budget set, as amount is difficult to predict.
46.	Human Resources	Relocation & Recruitment Expenses	27,300	15,041	(12,259)	Budget based on 3 vacant senior posts, only 1 of which was filled externally.
47.		Staff Advertising	89,600	75,464	(14,136)	Increased budget due to vacant Heads of Service posts. Was not needed.
48.		Rochford Youth Training	11,000	5,371	(5,629)	Budget was for Environmental Health post, not filled until half way through the year.
49.	Works Account	Contractors	1,463,100	1,389,626	(73,474)	Some repairs & maintenance items cost less than estimated.
50.	All General Fund Services	Salaries	6,735,400	6,463,519	(271,881)	Vacant Posts and posts filled at grades below top of grade.

**4 HOUSING REVENUE ACCOUNT**

<b>NO</b>	<b>Cost Centre</b>	<b>Item</b>	<b>Revised Estimate</b>	<b>Actual</b>	<b>Variance</b>	<b>Explanation</b>
1.	General Management	Salaries	347,900	355,350	7,450	Related to staff turnover, gradings and temporary cover.
2.		Car Allowances	12,900	6,633	(6,267)	Allowances have been coded to casual rather than essential mileage.
3.	Wardened Services	Staircase & Estate Lighting	13,100	1,354	(11,746)	Large credit received after revised estimate was set.
4.		Salaries	246,600	253,815	(7,215)	Related to staff turnover, gradings and temporary cover
5.		Car Allowances	9,000	611	(8,389)	Allowances have been coded to casual rather than essential mileage.
6.		Essex Water – Commission – Income	(14,000)	(19,043)	(5,043)	Difference between rent income relating to water & sewerage, less the cost of bills paid.

- 4.1 The resultant General Fund balance is £1.78m against the original estimated position of £1.71m
- 4.2 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 25 September 2007, 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 Full Council**

(1) That the budget amendments identified in this report be agreed.

Yvonne Woodward

Head of Finance, Audit & Performance Management

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**Background Papers:-**

None

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