

BUDGET MONITORING STATEMENT

1 SUMMARY

- 1.1 The purpose of this report is to provide Members with a monitoring report on material items of income and expenditure in the 2006/2007 budget for the first three quarters of the year and an update on the new items included in the budget for 2006/07.

2 INTRODUCTION

- 2.1 A risk based methodology, previously agreed by the Policy & Finance Committee, has been used to identify the items to be included in this report.
- 2.2 A subjective analysis approach is used to amalgamate each type of expenditure and income across the services, to produce figures for the total expenditure on, for example, salaries.
- 2.3 The attached appendix details those budget items that are reported for Quarter 3 2006/07. The report includes the risks considered for each budget and a comparison of actual –v– original estimate as at the end of December 2006.

3 SUMMARY

- 3.1 All the Authority's individual budgets are reported to service managers and heads of service on a monthly basis, within 3 working days of the end of the previous month. Any actual or anticipated overspends are promptly investigated with managers asked to explain what action they will be taking to rectify the situation.

- 3.2 General Fund expenditure for the first half of the year against budget is as follows:-

	£m
Annual Budgeted Expenditure	13.658
Less Capital Charges	<u>2.269</u>
Revenue Budget	11.389
Three quarter year budget	8.648
Spent/Committed to end of December	<u>8.683</u>
Variance	0.035

- 3.3 It is inherently difficult to compare the overall expenditure to date of the Authority against the total annual budget because a number of items are accounted for at the end of the year or orders are raised to commit expenditure early in the year to ensure that work programmes are carried out as planned. A variance of £35,000 against a budget of £8.6m for the period to

December represents a difference of 0.4% and the Authority is therefore on track to be within budgeted expenditure.

- 3.4 Where an original budget will not be met, adjustments will be made to the revised estimates. These will be reported to Council in January 2007. Indications of the likely changes are included in the Action column but these will be continually monitored and updated during the budget preparation process.

4 2006/07 NEW BUDGET PRIORITIES

- 4.1 Members agreed a number of new priorities for 2006/07 which required new resource allocation and progress on these items is detailed below:

Priority	Allocated Budget	Progress
Improve lighting in alleyways that are the responsibility of RDC	£5,000	A list of potential improvement sites was considered at the Environmental Services Committee and a programme of work is being implemented.
Continuation of benefits call centre	£10,000	Call centre is continuing to be used to provide support to the Revenues & Benefits teams
Obtain Chartermark for customer focused RDC services	£5,000	Work has started including training for staff – achievement of Chartermark will depend on the external inspection in February.
Additional post to ensure delivery of services through new technology	£37,000	The Web Services Development Manager is in post and the new website is due to be launched by the end of January 2007.
Expand gardening and handyman services	£10,000	This is reported as part of the Members' Performance Management report. A value for money review has been asked for by Members and it is anticipated to be reported to the Community Services Committee in March 2007.
Continue to develop tourism	£10,000	£3,260 has been spent/committed to date in accordance with the agreed programme. The Tourism Directory is scheduled for production by March 2007 as planned.

5 RISK IMPLICATIONS

5.1 Resource Risk

Budgets could be insufficient to meet demand. Regular monitoring of those budgets with the higher risk considerations will assist in controlling resource risk.

5.2 Operational Risk

Services may be affected if the budget is insufficient. Alternatively, a fall in income may indicate that there are problems with the service provided.

5.3 Reputation Risk

The willingness of our customers and partners to work with us is affected by their trust in the Authority. Contractors need to know they will be paid on time and tax payers need to know that amounts paid to the Council are properly credited to their account and safeguarded.

5.4 Regulatory Risk

The Authority has agreed a risk management strategy, which encompasses the budget strategy.

6 MEMBERS' QUESTIONS

- 6.1 The attached list is lengthy and therefore Members may wish to contact the Head of Finance, Audit and Performance direct (details at the end of this report) with specific queries prior to the Committee date.

7 RECOMMENDATION

- 7.1 It is proposed that the Committee **RESOLVES:-**

That the contents of this report be noted.

Yvonne Woodward

Head of Finance, Audit and Performance Management.

Background Papers:

None

For further information please contact Carrie Watkins on:-

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BUDGET STRATEGY MONITORING STATEMENT – AS AT END OF DECEMBER 2006

Item	Risk Consideration	Lead (See Key)	Original Estimate 2006/2007	Year to Date Original Estimate	Actual		Variance to year to date original		Action
					£	As % of original estimate 2006/2007	Brackets = adverse No brackets = good		
							£	%	
Bus Passes	Demand led. Actual cost subject to calculations by ECC consultants.	H P&T	424,000	318,000	301,413	71%	16,587	-5%	Demand led budget.
Taxi Voucher Scheme	Demand for vouchers vary.	HPT	106,000	79,500	85,340	81%	(5,840)	7%	Demand led budget. We plan to increase the revised budget by £8,000. It is anticipated that the recent committee decision to restrict applicants to either bus passes or taxi vouchers will see a reduction in expenditure for 2007/08.
Taxi Licensing Income	Demand Led.	HPT	(58,000)	(43,500)	(48,623)	84%	5,123	12%	Demand led budget.
Local Land charges Fee Income	Demand Led.	HLS	(220,000)	(165,000)	(202,040)	92%	37,040	22%	Income is above target. The Revised Budget will be increased in recognition of this improvement.
Cemetery Income	Demand Led.	HLS	(88,000)	(66,000)	(85,216)	97%	19,216	29%	It is difficult to forecast the demand for monuments and interments. Revised

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									estimates will be updated in light of up to date information on income.
Parking Fees Income	Variable Budget	HPT	(929,200)	(696,900)	(544,893)	59%	(152,007)	-22%	Original estimate was overstated as VAT was included in the calculation. Demand led budget.
Permits / Season Tickets Income	Variable Budget	HPT	(165,000)	(123,750)	(129,900)	79%	6,150	5%	Variable budget – Currently income is in line with budget.

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Penalty Charge Notices - Income	Demand Led.	HPT	(166,000)	(124,500)	(95,719)	58%	(28,781)	-23%	As Members are aware, the retention of Parking Attendants has been an issue due to the nature of the post and how motorists perceive them. The Head of Planning & Transportation is investigating alternative working patterns to improve coverage of the district and also at ways to improve retention of staff but it is anticipated that a reduction in the revised estimates will be made. These posts are now filled so we would hope not to see any further increase in variance.
Planning Fees Income	Demand Led.	HPT	(270,000)	(202,500)	(145,608)	54%	(56,893)	-28%	Demand led budget, which is difficult to forecast. There is little that officers can do to improve income in this area. Revised budget will be decreased.

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Building Control income	Demand Led.	HPT	(226,000)	(169,500)	(154,262)	68%	(15,238)	-9%	No action.
Contracted Temporary Accommodation (formerly known as Bed & Breakfast)	Demand Led.	HCS	100,000	75,000	29,637	30%	45,363	-60%	Variance is due to increased homelessness prevention.
Contracted Accommodation recharge	Demand Led.	HCS	(30,000)	(22,500)	(7,865)	26%	(14,635)	-65%	The revised budget is planned to be decreased to a net figure of £62,000 (£80,000 for expenditure and £18,000 for Housing Benefit recharges) to reflect these variances.
Housing Benefit Subsidy Income (Rent Allowances Rebates, Council Tax Benefits/ Admin Subsidy)	Variable budget, although the impact on revenue budget is reduced by Council Tax rebates & Rent Allowances paid.	HCS	(13,161,200)	(9,870,900)	(11,510,724)	87%	1,639,824	17%	Subsidy payments are based on grant claims submitted after the budget estimates have been prepared. Mid year grant claims are submitted which affects the final end of year figure.

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Rent Allowances	Variable budgets - impact on the net revenue budget is reduced by Government Grant	HCS	5,647,000	4,235,250	4,798,980	85%	(563,730)	13%	Demand led depending on number of claimants. Net impact on the overall budget is reduced by matching government subsidy
Council Tax Rebates		HCS	4,260,800	3,195,600	4,004,501	94%	(808,901)	25%	Legislation requires that, during the year, the Authority accounts for Council Tax Rebates for the whole year. Accordingly, the Revised Budget will be updated to reflect the latest information.
Salaries	Members agree staffing structure. National Pay awards agreed after budget set. No control over other costs like National Insurance Contributions.	HFAPM	6,884,500	5,163,375	4,935,103	72%	228,272	-4%	The Budget Strategy includes a target for achieving salary savings of £250,000 and this has been nearly achieved. The level of vacancies is regularly reported to this committee.

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Staff Advertising	Variable budget related to number of vacancies and difficulty in recruitment	HRM	70,000	52,500	53,427	76%	(927)	2%	Demand led budget. Expenditure inflated by the Heads of Service recruitment process.
Training	Based upon staffing training and development programme	HRM	92,600	69,450	47,571	51%	21,879	-32%	The agreed programme is unevenly spread throughout the year, depending on the training methods used and the subjects covered.
Net External Finance Income	Main item is investrment. There are risks associated with lending money to 3rd parties. The list of approved parties follows	HFAPM	(400,000)	(300,000)	(360,772)	90%	60,772	20%	The Authority is benefiting from the increase in base rate, which has increased the amount we are earning from investments. A further increase in base rate is forecast for this year.

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	advice from consultants.								Interest rates will continue to be monitored and taken into account in the setting of revised estimates.
National Non-Domestic Rates	Annual budget based upon premises owned by RDC.	HFAPM	393,300	294,975	281,969	72%	13,006	-4%	NNDR bills are paid annually so revised estimate will be reduced
Car Allowances	Demand Led.	HFAPM	102,100	76,575	71,856	70%	4,719	-6%	Demand led budget depending on the allocation of car allowances particularly to new or changed posts. Revised estimate will be updated with latest information.
Equipment, Tools and Materials	Demand led.	HFAPM	93,000	69,750	61,012	66%	8,738	-13%	This is made up of a number of departmental budgets, which are all closely monitored.
Members Allowances	Demand Led.	HAMS	195,000	146,250	128,667	66%	17,583	-12%	Actual does not include Chairman's and Vice Chairman's allowances for the last 3 months, this will be included in the first month of next quarter. If they were included, the

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									budget would be correct.
External Audit and Inspection Fees	Based upon set work practices and sufficient working papers. Figures supplied by External Audit in Outline Audit Plan.	HFAPM	150,100	112,575	127,599	85%	(15,024)	13%	A KLOE assessment was carried out in 2006/2007, this was not known about at the time of original budget setting. If this was removed, actual to date would be £114,000 in line with budget.
IT Upgrades/ Developments	Based on agreed IT Strategy.	HAMS	68,500	51,375	63,226	92%	(11,851)	23%	The expenditure on this budget is related to projects that are not evenly spread through the year and the total budget is planned to be used in this financial year. Revised budget increased to cover the additional demand on this budget area.

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IT contract	Costs will increase in line with speed of implementation of IT strategy	HAMS	760,300	570,225	450,436	59%	119,789	-21%	Actual to date includes 7 months' worth of contract payments - if this was included the spend to date would be approximately £561,000, a variance of -2%.
Leisure FM Contract Payment	Annual amounts agreed in line with contract	HCS	289,700	217,275	208,649	72%	8,626	-4%	On Target
Contract Payments - Maintenance of Grounds		HES	623,200	467,400	415,570	67%	51,830	-11%	For these 4 contracts, the contract payment for December had not been made within the period under consideration. Taking into account this payment, the actual for the first three quarters of the
Contract Payments - Waste Collection		HES	916,300	687,225	603,660	66%	83,565	-12%	
Contract Payments - Kerbside Recycling		HES	172,500	129,375	109,203	63%	20,172	-16%	

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Contract Payments - Street Cleansing		HES	395,000	296,250	261,661	66%	34,589	-12%	year would be: £ Maintenance of Grounds 467,500 Waste Collection 679,050 Kerbside Recycling 122,850 Street Cleansing 294,400
Recycling Credits & Sales Income	Variable Budget	HES	(216,500)	(162,375)	(164,874)	76%	2,499	2%	This income is received from Essex County Council based on tonnage and is therefore paid in arrears. This year, we are averaging £22,500 per month and consequently the Revised budget has been increased by £57,000

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