
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 half of the year and a brief summary on a number of new items included in the budget for 2006/07.

2 INTRODUCTION

- 2.1 A risk based methodology, previously agreed by the former 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 2 2006/07. The report includes the risks considered for each budget and a comparison of actual –v- original estimate as at the end of September 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
Half year budget	5.695
Spent/Committed to end of September	<u>5.846</u>
Variance	0.151

- 3.3 It is inherently difficult to compare the overall expenditure of the Authority during the 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 £151,000 against a budget of £5.7m for the half

year represents a difference of 2.6% 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 is being developed for consideration at the Environmental Services Committee on 14 November 2006. A programme of work will follow from this for completion by March 2007
Continuation of Benefits Call Centre	£10,000	Call centre is continuing to be used to provide support to the Revenues & Benefits teams
Additional Post to assist the Overview and Scrutiny process	£35,000	Person in post and providing officer support to the Review Committee
Additional post to provide focus for key issues relating to the environment and new contracting arrangements within partnerships	£45,000	Streetscene officer in post
Obtain Chartermark for customer focussed RDC services	£5,000	Work has started including training for staff – achievement of Chartermark will depend on the timing of the external inspection process which is outside the control of the Authority
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 in December 2006

Priority	Allocated Budget	Progress
Expand Gardening and Handyman services	£10,000	For the first half of the year, the number of gardening jobs undertaken has increased to 282, against a target for the year of 340 (83% of target) Unfortunately, the handyperson post was vacant until August and only 78 jobs have been completed since then (25% of the annual target). Performance in this area is reported as part of the Members' Performance Management report and, at the last review, members asked for a value for money review to be undertaken on the service which will be reported back into Community Services committee.
Continue to develop tourism	£10,000	£3,100 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 taxpayers 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, although Members may wish to ask at Council, it may be more appropriate that they contact the Head of Finance, Audit and Performance direct (details at the end of this report) with specific queries prior to the Committee date, so that there is time to research the answers ready for this Committee.

7 RECOMMENDATION

- 7.1 It is proposed that the Committee **RESOLVES** to note the contents of this report.

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 SEPTEMBER 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		
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Bus Passes	Demand led. Actual cost subject to calculations by ECC consultants.	H P&T	424,000	212,000	228,725	54%	(16,725)	8%	Demand led budget. The Free Fare Essex Travel pass was introduced on 1 April 2006 and the Council was inundated with applications – the number of passes issued rose from 8,500 to 11,000. It is planned to increase the revised budget by £6,000 in the light of the latest information.
Taxi Voucher Scheme	Demand for vouchers vary.	HPT	106,000	53,000	54,628	52%	(1,628)	3%	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)	(29,000)	(31,323)	54%	2,323	8%	No action – on target.
Local Land charges Fee Income	Demand Led.	HLS	(220,000)	(110,000)	(135,093)	61%	25,093	23%	Income is above target. The Revised Budget will be increased in recognition of this improvement.
Cemetery Income	Demand Led.	HLS	(88,000)	(44,000)	(58,815)	67%	14,815	34%	It is difficult to forecast the demand for monuments and interments. Revised estimates will be updated in light of up to date information on income.

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Parking Fees Income	Variable Budget	HPT	(929,200)	(464,600)	(364,191)	39%	(100,409)	-22%	Original estimate was overstated as VAT was included in the calculation. The revised estimate will be reduced by about £150,000 but this will be monitored through the Christmas season when an increase in usage is anticipated.
Permits / Season Tickets Income	Variable Budget	HPT	(165,000)	(82,500)	(101,400)	61%	18,900	23%	Season tickets are normally sold at the beginning of the financial year so a favourable variance at this point in the year would be expected.
Penalty Charge Notices - Income	Demand Led.	HPT	(166,000)	(83,000)	(59,796)	36%	(23,204)	-128%	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. There has also been a saving in salaries of £16,500 to date.

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Planning Fees Income	Demand Led.	HPT	(270,000)	(135,000)	(106,090)	39%	(28,910)	-21%	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.
Building Control income	Demand Led.	HPT	(226,000)	(113,000)	(112,804)	50%	(197)	0%	No action – on target
Contracted Temporary Accommodation (formerly known as Bed & Breakfast)	Demand Led.	HCS	100,000	50,000	21,912	22%	28,088	-56%	Net cost is £13,332 compared to year to date estimate of £35,000. Variance is due to increased homelessness prevention .
Contracted Accommodation recharge	Demand Led.	HCS	(30,000)	(15,000)	(8,580)	29%	(6,420)	-43%	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.

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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)	(6,580,600)	(7,397,811)	56%	817,211	12%	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.
Rent Allowances	Variable budgets - impact on the net revenue budget is reduced by Government Grant	HCS	5,647,000	2,823,500	3,284,561	58%	(461,061)	16%	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	2,130,400	4,014,162 (see Action column)	94%	(1,883,762)	88%	Legislation requires that, during the year, the Authority accounts for Council Tax Rebates for the whole year. Accordingly, the Revised Budget will be decreased to the latest updated figure.
Court Costs Income	Varies with Court activity	HCS	(73,500)	(36,750)	(71,529)	97%	34,779	95%	Improved performance leading to more recoveries being raised and recovery of more costs. Revised budget will be increased.

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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	3,442,250	3,216,567	47%	225,683	-7%	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.
Staff Advertising	Variable budget related to number of vacancies and difficulty in recruitment	HRM	70,000	35,000	43,425	62%	(8,425)	24%	Demand led budget. Expenditure inflated by the Heads of Service recruitment process. It is planned to increase the revised budget to £90,000
Training	Based upon staffing training and development programme	HRM	92,600	46,300	28,619	31%	17,681	-38%	The agreed programme is unevenly spread throughout the year, depending on the training methods used and the subjects covered.

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Net External Finance Income	Main item is investrment. There are risks associated with lending money to 3rd parties. The list of approved parties follows advice from consultants.	HFAPM	(400,000)	(200,000)	(255,375)	64%	55,375	28%	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. 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	196,650	386,755	98%	(190,105)	97%	NNDR bills are paid annually so revised estimate will be reduced
Car Allowances	Demand Led.	HFAPM	102,100	51,050	54,247	53%	(3,197)	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	46,500	42,261	45%	4,239	-9%	This is made up of a number of departmental budgets which are all closely monitored.

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Members Allowances	Demand Led.	HAMS	195,000	97,500	93,388	48%	4,112	-4%	On Target
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	75,050	64,694	43%	10,356	-14%	Underspend against year to date is due to timing of payments.
IT Upgrades/ Developments	Based on agreed IT Strategy.	HAMS	68,500	34,250	22,290	33%	11,960	-35%	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.
IT contract	Costs will increase in line with speed of implementation of IT strategy	HAMS	760,300	380,150	323,172	43%	56,978	-15%	Actual to date includes 5 months' worth of contract payments - if this was included the spend to date would be approximately £388,000, a variance of +2%.

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Leisure FM Contract Payment	Annual amounts agreed in line with contract	HCS	289,700	144,850	141,583	49%	3,267	-2%	On Target
Contract Payments - Maintenance of Grounds		HES	623,200	311,600	202,894	33%	108,706	-35%	For these 4 contracts, the two contract payments for August and September had not been made within the period under consideration. Taking into account these two payments, the actual for the first half of the year would be: <div>£ % of annual estimate</div>
Contract Payments - Waste Collection		HES	916,300	458,150	296,631	32%	161,519	-35%	
Contract Payments - Kerbside Recycling		HES	172,500	86,250	56,596	33%	29,654	-34%	
Contract Payments - Street Payments		HES	395,000	197,500	126,778	32%	70,722	-36%	
Recycling Credits & Sales Income	Variable Budget	HES	(216,500)	(108,250)	(95,394)	44%	(12,856)	-12%	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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