
REPORT TO THE MEETING OF THE EXECUTIVE 11 JULY 2012

PORTFOLIO: FINANCE AND RESOURCES

REPORT FROM HEAD OF FINANCE

**SUBJECT: MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2012/13
UPDATE**

1 DECISION BEING RECOMMENDED

- 1.1 That the current position of the MTFS be noted.
- 1.2 That the outline timetable for the 2013/14 budget process be agreed.
- 1.3 That the latest position with regard to the changes to local government financing be noted.
- 1.4 That a public consultation in preparation for the budget process be conducted.
- 1.5 That the Grants to Voluntary Organisations be set at Council on 11 December 2012.

2 REASON FOR RECOMMENDATION

- 2.1 Following the closure of the accounts for 2011/12, the MTFS can be updated. There have also been further developments and publications regarding two key changes that will affect local government finance, namely the business Rates Retention Scheme and the Localising Council Tax Scheme.

3 MTFS UPDATE

- 3.1 There are a number of factors that will affect the MTFS and determine the budget that should be set for 2013/14 and these are summarised below. The MTFS will continually be updated by officers during the budget process, with updates provided to Members, either by reporting to the Executive or at the Member Awaydays, before next year's budget and revised MTFS is finally approved by full Council in January 2013.

4 2011/12 OUTTURN

- 4.1 The closure of the accounts for 2011/12 means that the MTFS can be updated with the financial results from last year. The General Fund balance as at 31 March 2012 is £818,526, which is an improvement of £39,502 against estimates.
- 4.2 There were a number of areas where the final outturn for the year was either above or below budget. Appendix 1 reports the variances in the same format used for the quarterly Financial Management Report and shows the outturn by

cost centre compared to the Revised Estimates and also compared to the forecast outturn in the Quarter 3 Financial Management Report.

4.3 Underneath, there is then a breakdown of the main variances for those cost centres. The cost centres include some items not normally reported, because they reverse out later in the Accounts. These items are capital charges, internal recharges, the accrual of holiday carried forward and the accounting entries for pensions under IAS19, and these are shown where they have made a significant impact on the individual cost of service.

4.4 Across all the cost centres, some variances to be highlighted are:-

- The Authority has been submitting claims for refund of VAT going back to the 1970s, as court decisions open up new opportunities. The Isle of Wight car parking claim is still ongoing, but officers were successful in providing sufficient information to HMRC, who agreed a claim in relation to leisure educational services. A refund of £282,000 was received including interest, of which £89,000 was accounted for in 2010/11 and the remaining £193,000 was credited in 2011/12.
- The successful outcome to the materials recycling facility contract means that the Reserve can be used to fund other projects, including the Core Strategy, Grounds Maintenance Procurement, Town Centre Area Action Plans. The level of the Reserve will be reviewed as part of the Budget process to assess what amount needs to be set aside.
- When revised estimate were set for the homeless budgets, the numbers of homeless applications was at its peak. Since then the number of applications has reduced and expenditure was £58,600 less than anticipated.
- Income from car parking charges was £78,600 below estimate. The new charges were introduced during the budget process so it was difficult to forecast what the impact on income would be.
- While Planning fees were £40,000 better than expected due in part to some larger applications, Building Control fees were £75,200 below budget which was anticipated in view of the continuing slow down in new house building.
- The increase in local land searches in the first half of the year did not continue and income was £24,000 down on the revised estimate.
- The net cost of council tax and housing benefits was £116,700 more than estimated. This represents about 0.5% of total gross expenditure.
- Overall the Salaries outturn of £6.2m was 0.2% over budget (£12,200)

4.5 Pensions

- 4.6 At the last triennial valuation, which affected contributions to the deficit from April 2011, the period of recovery was extended to 24 years, in order to provide budget stability and keep contributions at a constant level. It was agreed at the time that any interim revaluations would be reported to Members, although these do not affect contribution rates. Although not a formal revaluation, as part of the close-down of the accounts, the pension scheme is assessed with a view to producing current valuations for liabilities and assets. The valuations are done in line with the international accounting standards (IAS19) and do not use the same methods used for the triennial valuation. The IAS 19 valuation is done at a point in time and does not take into account ongoing staff contributions.
- 4.7 The results as at 31 March 2012 show that the share of the Essex Pension Scheme attributable to Rochford District Council is now showing assets of £32.4 million, compared to £32.0 million at the end of 2010/11 and defined benefit obligations (liabilities) are £58.5 million, compared to £50.6 million as at the end of 2010/11. This means that the net liability showing in the balance sheet has increased from £18.7 million to £26.0 million. This is due, in part, to a lower than expected investment return for the 12 months ending 31 March 2012 but in the main to an increase in the valuation of the liabilities. This value is calculated by discounting future outgoing cashflow, using a corporate bond index. The index has reduced from 5.5% last year to 4.6%. This is the main factor in increasing the liabilities as assessed under IAS19. The range of increases is between 13% and 25% across the Essex authorities compared to the increase for Rochford of 15%
- 4.8 The next triennial Valuation will be carried out in 2013 with changes to contribution rates being implemented from April 2014.
- 4.9 In the meantime, the Employers organisation and unions have agreed a number of key changes to the Local Government Pension Scheme to be introduced from April 2014, subject to Government approval. The main changes proposed are:-
- Move from a pension based on Final Salary to a Career Average Related Earnings Scheme.
 - Accrual rate increased from 1/60th to 1/49th per year of service.
 - Revaluation of pension will be based on the consumer price index rather than final salary.
 - Changes to the contribution rates with those earning above £43,001 seeing increases in contribution rates from current rates of 6.5-7.5% increasing to 8.5% to 11.4% (12.5% for salaries of £150,000+).
 - Pension age changed from 65 to the individual member's State Pension Age (minimum 65)

- 4.10 The next triennial valuation will be able to take account of the changes to the Local Government Pension Scheme (LGPS) with a positive impact on the Council's contribution rates.

4.11 Capital Programme

- 4.12 Expenditure on the Capital Programme was £1.22m, compared to an estimate of £1.98m. The expenditure was funded by £0.4m in grants and £0.9m capital receipts.

What we spent:	Planned £000s	Actual £000s
Vehicles and Equipment	288	230
Hall Road Cemetery extension	222	22
Leisure and Play Facilities	444	129
Private Sector Renewal Grants	70	36
Disabled Facilities Grants	256	270
IT infrastructure	50	31
Council properties	520	392
Thames Gateway Energy Schemes	135	104
Totals	1,985	1,214

- 4.13 The main source of capital receipts is from the sharing arrangements established as part of the Large Scale Voluntary Transfer of the Council's housing stock. The right to buy receipts for 2011/12 were £0.5m and VAT Shelter were £0.19m; a total of £0.69m compared to an estimate of £0.3m. The detail of the Capital expenditure for 2011/12 and the resulting revisions to the 2012/13 Programme will be reported for approval to Council in July.
- 4.14 The current forecast for Capital Receipt balances over the life of the MTFS, compared to the forecast in January 2012, is:-

Capital Receipts Forecast Balance carried forward at year end (£000s)					
2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
1,005	488	324	211	2	0
2,187	961	796	683	474	193

5 2013/14 BUDGET PROCESS

- 5.1 Work will now begin on preparing the 2013/14 budget. The high level timetable is set out below but detailed project plans and risk assessments are also being updated:-

Activity	Date
Budget Consultation	Sept to Dec
Draft Divisional Plans completed	28 Sept 2012
Papers to SMT	19 Oct 2012
Budget SMT	24 Oct 2012
Special Council Budget Session – this uses an existing Member training session	1 Nov 2012
Joint SMT/Executive	9 Nov 2012
NNDR Consultation	12 Nov 2012
Member Awayday	24 Nov 2012
Revised Estimates for 2012/13 agreed by Council 2013/14 Grants to Voluntary Organisations budget set	11 Dec 2012
Budget SMT	2 Jan 2013
Joint SMT/Executive	4 Jan 2013
Member Awayday	12 Jan 2013
Council – Budget Setting	29 Jan 2013
Council – Council Tax	14 Feb 2013

- 5.2 It is proposed that the session on 1 November 2012 is used to update Members on the background to the budget process, including some of the technical changes which will affect local government financing. The current position on the key changes is summarised in the next sections of this report.

5.3 Business Rates Retention Scheme

- 5.4 The current method of Government funding through the formula grant is being replaced from 2013/14 with a business rates retention scheme. Baseline income figures for next year are expected in the autumn. Modelling is being done on the latest information available and estimates will be updated for the start of the budget process.

- 5.5 The key areas of concern, from a financial point of view, from this change to our funding are:-

- The baseline for 2013/14 will be based on 2012/13 funding adjusted for updates to some of the data used and then adjusted to bring it in line with the 2014/15 spending totals. There will then be an additional distribution of the small increase in the 2013/14 spending total. The total pot available for the baseline will also be adjusted by set aside for the New Homes Bonus, set asides for funding police and fire. The baseline will also include the grant for the 2011/12 Council Tax Freeze Grant.

- The new scheme transfers the risk of falls in business rates to local authorities. It is not yet clear how the levy and safety net arrangements will work. The latest publications suggest that the safety net will apply for falls in income of between 7.5% and 10%.
- Business rates would still be subject to a 5 yearly revaluation. It has been reported that the system for doing these is under some strain and not responsive enough for the purposes of a localised system for business rates retention. There is also an issue around the time it currently takes the Valuation Office Agency to deal with valuation appeals, that can take years to resolve. It may prove prudent to set aside a reserve for future valuation appeals.

5.6 Localising Council Tax Support Scheme

5.7 The Government are replacing the current nationally set council tax benefit scheme with a locally determined council tax support scheme. This will come into effect from 1 April 2013. A separate report on this meeting's agenda deals with the framework proposed for locally determined scheme which has been developed by the Essex authorities working together. This report considers the financial impact as it affects the MTFS.

5.8 Currently district authorities, as the administering authorities, receive subsidy which covers the majority of council tax benefit. In the future district authorities, together with the major precepting authorities, will receive a direct grant. The funding for council tax support in 2013/14 will be 90% of the forecast subsidised expenditure. Provisional grant figures, based on 2010/11 subsidised expenditure, have been provided and our grant has been assessed at £612,000 plus £113,000 in respect of the parish/town councils. Taken together with the fixed grants due to be paid to the major preceptors, the grant represents a 12% reduction, compared to the subsidy received in 2011/12, and a 9% reduction compared to the subsidy expected to be received in 2012/13. The grant figures for 2013/14 will be updated by the Government once 2011/12 data is available, in the Autumn.

5.9 From the point of view of the MTFS the main issues are:-

- The degree of confidence in the delivery of the projected savings and the risk of overspend.
- The support will be provided by means of a council tax discount, which means a reduction in the Council Tax Base with implications for parish/town councils which is discussed later.
- There will be ongoing subsidy claw-back for overpayments identified after 1 April 2013 and it may be prudent to set up a reserve to cover that.

- Impact on staffing requirements arising from designing and implementing a local system and potential increase in enquiries from claimants.
 - It is anticipated that the scheme design may not get it right in year one and that further work will need to happen, at least in the first few years. This creates an additional workload for Revenues & Benefits and Finance staff.
 - The new scheme will mean that a number of residents who have previously paid no council tax, will start to receive bills for small amounts. Taking into account resistance and ability to pay, it is likely that collection rates will be affected. This not only reduces the amount of income being collected, but there will be additional workload dealing with the consequent increase in debt collection activity.
- 5.10 This new scheme will be a discount on council tax, rather than a benefit. This means that when calculating the Council Tax Base, on which Council Tax is to be levied, the Tax Base will be reduced by the number of discounts expected to be grants for Council Tax Support. For the major preceptors (Essex County, Fire and Police) and Rochford District Council (as the billing authority), this reduction in Council Tax base will be off set by the direct grant. This reduced tax base has implications for the local precepting bodies, ie parish and town councils. The parish/town councils calculate their Council Tax in the same way as we do, by dividing their precept by the tax base. If the tax base has been reduced, then their Council Tax charges will increase, even with no change in their precept. The Government, in their most recent consultation, expects billing authorities and local precepting authorities to work together to manage the potential impact on the local precepting authority Band D council tax amounts.
- 5.11 This could be achieved by billing authorities passing down an element of the funding to the local precepting authority. Our share of the direct grant is calculated by reference to the total of our Band D plus the parish/town Council average Band D, so effectively our grant will include the parish/town councils' share. The allocation of the funding across the parish/town councils will have to be linked to the individual impact of the scheme developed by Rochford District Council in each parish/town council area. The recent consultation repeats that while the right to veto excessive council tax rises was restricted to billing and major precepting authorities, the Government will monitor increases in the parish/town council sector. It will therefore be particularly important to work together to avoid significant increases in parish/town council Band D levels as a result of the introduction of local council tax support schemes.
- 5.12 Based on the current Government consultation, when the calculation of the tax base is prepared later in the year, it will need to separately identify the discounts arising from the council tax support scheme across the parish/town councils and this will be used at the basis for calculating the amount of

funding to be passed to each parish/town council. However, in response to feedback from local authorities, the Government are still looking at alternative ways of managing this issue.

- 5.13 Government are proposing that the future funding for the local council tax support schemes will be within the business rates retention scheme. They will ensure that this is made clear in the funding allocations as a visible line for the first year of the new business rates system. They have not stated whether this separate identification will continue in future years.
- 5.14 In areas where expenditure on council tax benefit forms a relatively high proportion of overall revenue expenditure, Government have noted that the reduction in funding may lead to a relatively larger budgetary pressure for those authorities. The Government is proposing minor adjustments in the distribution of funding so that no local authority faces a revenue budget pressure greater than a specified percentage. To enable this 'ceiling' to be created, a 'floor' would also be created. Based on the illustrations provided in the consultation which use 2010/11 figures which will be updated to 2011/12 later in the year, it does not appear as if Rochford will be affected by this.
- 5.15 At this time, a provision of £100,000 has been included in the MTFs to cover unforeseen costs and the risks associated with increase in demand and falls in collection rates. The Government has provided an initial grant of £84,000 and has indicated that additional funding will be made available. It is anticipated that the implementation costs will be met from this Government funding.
- 5.16 **Community Budgets**
- 5.17 The Essex partners were successful in applying to be one of the four pilots for designing a business case for introducing Community Budgets. The timetable for the work means that their detailed business case will be sent to CLG in October. Indications are that any changes directly affecting funding streams are not likely to be introduced until the new Comprehensive Spending Review, i.e. from 2014/15. At this stage, no provision is being proposed but the situation will be monitored.

6 PUBLIC CONSULTATION

- 6.1 The budget survey conducted last year for the 2012/13 budget process provided some clear and consistent messages about what residents felt were high priority services. It would be useful if the Council continued to seek the views of residents on their priorities. As the same survey has been used for 2 years, it would seem timely to develop an alternative approach and this will be prepared over the Summer and agreed with the Leader.
- 6.2 The aim of the consultation would be to gain clearer understanding of what services residents would wish to see retained and also the level of service quality.

7 GRANTS TO VOLUNTARY ORGANISATIONS

- 7.1 The Government's statutory guidance on the Best Value Duty, published in September 2011, sets out the Government's expectations of the way authorities should work with voluntary and community groups. Authorities should seek to avoid passing on disproportionate cuts and, in particular, an authority intending to reduce or end funding or other support that will materially threaten the viability of the organisation or service it provides, should give at least 3 months' notice to both the organisation involved and the public/service user. This means that any decisions which affect funding for the voluntary sector in 2013/14 will need to be made and communicated by December 2012. This is reflected in the budget timetable outlined above.

8 RISK IMPLICATIONS

- 8.1 The Government have only announced local authority funding for the current year and 2012/13 so, until the grant for 2013/14 onwards is announced, the MTFS is currently based on a balance of the worse and best case scenarios. This means there is a risk that the savings targets for the current year and next year will be insufficient to meet future shortfalls or, alternatively, that the degree of reductions being planned for, particularly in 2012/13, is not required.
- 8.2 Cuts in the Council's expenditure and the continuing uncertainty over future years may have an impact on staff morale at a time when staff will be expected to increase performance and be flexible to change. This could, in turn, have a detrimental impact on performance and absence rates. Consequently it continues to be important, over a sustained period, for the Council to be clear in its comments over the approach it is taking. Decisions and communication around the MTFS will help with this.
- 8.3 The changes to the LGPS, with the move to a career average pension and increase in contribution rates for higher earners may increase the risk of managers choosing to retire earlier than originally envisaged.

9 RESOURCE IMPLICATIONS

- 9.1 Changes to resource implications identified since the MTFS was agreed by Council in January 2012 have been discussed in the body of this report. Having a robust budget process and sound financial management is key to ensuring that the Council is able to deliver high quality services within a balanced budget.

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:-

[Best Value Statutory Guidance](#)

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

HOS: PAUL WARREN							
COST CENTRE	2011/12 Revised Budget	Projection for Year End as at Q3 2011/12	Actual 2011/12	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
	£	£	£	£	%	£	%
Chief Executive Office	180,500	178,828	183,991	5,163	2.89%	3,491	1.93%
Human Resources	202,500	183,127	201,376	18,249	9.97%	(1,124)	-0.56%
Corporate Management Account	201,900	205,837	200,220	(5,617)	-2.73%	(1,680)	-0.83%
Emergency Planning & Health & Safety	70,400	65,613	56,162	(9,451)	-14.40%	(14,238)	-20.22%
Corporate Policy & Partnership	115,900	103,856	99,486	(4,370)	-4.21%	(16,414)	-14.16%
Communications	75,400	58,220	72,602	14,382	24.70%	(2,798)	-3.71%
Totals	846,600	795,481	813,837	18,356	2.31%	(32,763)	-3.87%

Notes:

The following two types of expenditure are shown in the variance breakdown because they are included in the Cost of Services for individual cost centres, but are reversed out in the Accounts.

- Capital Charges - these include depreciation and impairment entries
- Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

<u>Variance Breakdown</u>	<u>Actual 2011/12</u>	<u>Revised Budget 2011/1</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<u>Emergency Planning & Health & Safety</u>					
Salaries	34,019	55,200	(21,181)		
Superannuation	4,149		4,149		
National Insurance	2,568		2,568		
Year End Accounts Adjustment	1,980		1,980		
	42,716	55,200	(12,484)	-22.62%	Staff vacancy.

HOS: PAUL WARREN

Corporate Policy & Partnership

Salaries	73,567	106,500	(32,933)	
Superannuation	9,293		9,293	
National Insurance	5,219		5,219	
Year End Accounts Adjustment	2,731		2,731	
	<u>90,809</u>	<u>106,500</u>	<u>(15,691)</u>	-14.73% Staff vacancy.

HOS: JEREMY BOURNE

COST CENTRE	2011/12 Revised Budget	Projection for Year End as at Q3 2011/12	Actual 2011/12	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
	£	£	£	£	%	£	%
Council Tax	232,800	236,067	237,000	933	0.40%	4,200	1.80%
Housing Benefit Administration	(166,400)	(190,826)	-172,928	17,898	9.38%	(6,528)	-3.92%
Community Services Client Account	127,900	125,755	131,667	5,912	4.70%	3,767	2.95%
Community Safety	83,200	70,337	75,883	5,546	7.88%	(7,317)	-8.79%
Business Rates	(55,200)	(41,508)	(57,220)	(15,712)	-37.85%	(2,020)	-3.66%
Council Tax Benefits	(65,584)	(213,857)	(70,770)	143,087	66.91%	(5,186)	-7.91%
Housing Benefit Payments	(11,600)	(223,589)	110,330	333,919	149.35%	121,930	1051.12%
Revenues Investigation Section	124,700	103,286	101,554	(1,732)	-1.68%	(23,146)	-18.56%
Culture & Heritage - Windmill	39,600	35,261	40,373	5,112	14.50%	773	1.95%
Leisure Premises	1,566,600	1,565,093	1,944,610	379,517	24.25%	378,010	24.13%
Sports Development & Promotion	12,900	16,400	9,146	(7,254)	44.23%	(3,754)	29.10%
Leisure Client Account	121,600	162,796	125,765	(37,031)	-22.75%	4,165	3.43%
Housing Strategy	109,100	105,402	109,888	4,486	4.26%	788	0.72%
Private Sector Housing Renewal	597,900	600,069	247,353	(352,716)	-58.78%	(350,547)	-58.63%
Homelessness	515,100	457,085	471,410	14,325	3.13%	(43,690)	-8.48%
Totals	3,232,616	2,807,771	3,304,061	496,290	17.68%	71,445	2.21%

Notes:

The following two types of expenditure are shown in the variance breakdown because they are included in the Cost of Services for individual cost centres, but are reversed out in the Accounts.

- Capital Charges - these include depreciation and impairment entries
- Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

<u>Variance Breakdown</u>	<u>Actual 2011/12</u>	<u>Revised Budget 2011/12</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<u>Council Tax Benefits</u>	(70,770)	(65,584)	(5,186)	-7.91%	Subsidy figures are based upon final claim submitted in January 2012.
<u>Housing Benefit Payments</u>	110,330	(11,600)	121,930	1051.12%	

HOS: JEREMY BOURNE

	<u>Actual 2011/12</u>	<u>Revised Budget 2011/12</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<u>Community Safety</u>					
Salaries	55,949	80,200	(24,251)		
Superannuation	5,958		5,958		
National Insurance	3,080		3,080		
	64,986	80,200	(15,214)	-18.97%	Staff Vacancy
<u>Revenues Investigation Section</u>					
30% Fine for Fraud Com	(14,029)	(10,000)	(4,029)	-40.29%	Overpayments higher than expected.
Salaries	85,910	122,000	(36,090)	-29.58%	
Superannuation	9,810		9,810		
National Insurance	6,903		6,903		
Out of Hours	3,050		3,050		
Year End Accounts Adjustment	3,638		3,638		
	109,311	122,000	(12,689)	-10.40%	Staff Vacancy
<u>Leisure Premises</u>					
Capital Charges	636,792	1,009,300	(372,508)	-36.91%	
<u>Variance Breakdown</u>					
	<u>Actual 2011/12</u>	<u>Revised Budget 2011/12</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<u>Sports Development & Promotion</u>					
Summer Swim provision	9,750	12,500	(2,750)	-22.00%	Cottingency included in budget was not required and venue costs were lower than forecast.
<u>Private Sector Housing Renewal</u>					
Housing Grant Contribution	(293,305)	0	(293,305)	-100.00%	Capital adjustment, reversed out in the accounts.

HOS: JEREMY BOURNE

<u>Variance Breakdown</u>	<u>Actual 2011/12</u>	<u>Revised Budget 2011/12</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<u>Homelessness</u>					
<u>Contracted Accommodation</u>					
Housing Benefit Recharged cost	189,947	194,000	(4,053)	-2.09%	Estimated cost of housing homeless was set in September 2011 when figures had peaked, following that date to the end of year the numbers declaring themselves homeless reduced causing budget to go under spent.
Cost of Accommodation	391,094	450,000	(58,906)	-13.09%	
Benefits Income	(327,956)	(360,000)	32,044	8.90%	
	253,085	284,000	(30,915)	-10.89%	
Homelessness Removals and Storage	32,234	60,000	(27,766)	-46.28%	The cost of removing and storing homeless peoples possessions was reduced as per the same explanation as above.

HOS: ALBERT BUGEJA							
COST CENTRE	2011/12 Revised Budget £	Projection for Year End as at Q3 2011/12 £	Actual 2011/12 £	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
				£	%	£	%
Office Accommodation Rochford	340,100	313,141	324,689	11,548	3.69%	(15,411)	-4.53%
Office Accommodation Rayleigh	52,800	45,022	49,708	4,686	10.41%	(3,092)	-5.86%
Local Land Charges	(102,700)	(84,518)	(75,676)	8,842	10.46%	27,024	26.31%
Cemeteries & Churchyards - Open/Closed	(112,100)	(111,839)	(108,560)	3,279	2.93%	3,540	3.16%
Estate Management Services	141,900	143,704	155,722	12,018	8.36%	13,822	9.74%
Legal Services	301,900	290,555	295,637	5,082	1.75%	(6,263)	-2.07%
Member & Committee Services	554,800	550,337	558,393	8,056	1.46%	3,593	0.65%
Totals	1,176,700	1,146,402	1,199,913	53,511	4.67%	23,213	1.97%

Notes:

The following two types of expenditure are shown in the variance breakdown because they are included in the Cost of Services for individual cost centres, but are reversed out in the Accounts.

- Capital Charges - these include depreciation and impairment entries
- Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

Variance Breakdown**Actual 2011/12****Revised Budget 2011/12****Variance £****Variance %****Comments****Local Land Charges**

Fees & Charges	(149,728)	(174,000)	24,272	13.95%	Number of land searches have reduced, in line with the continued downturn in housing market over the last 6 months.
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Estates

Salaries	129,697	156,700	(27,003)	-17.23%	IAS 19 Adjustment
Superannuation	15,630		15,630		
National Insurance	10,270		10,270		
Year End Accounts Adjustment	(6,953)		(6,953)		
	148,644	156,700	(8,056)	-5.14%	

HOS: SARAH FOWLER							
COST CENTRE	2011/12 Revised Budget	Projection for Year End as at Q3 2011/12	Actual 2011/12	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
	£	£	£	£	%	£	%
Conducting Elections	108,750	108,157	111,182	3,025	2.80%	2,432	2.24%
Registration of Electors	72,550	67,642	68,613	971	1.44%	(3,937)	-5.43%
Telephones & Reception	137,100	109,455	122,708	13,253	12.11%	(14,392)	-10.50%
Information & Support Services	478,400	453,184	476,782	23,598	5.21%	(1,618)	-0.34%
Computer Services	1,273,100	1,227,344	1,165,634	(61,710)	-5.03%	(107,466)	-8.44%
Customer Services	338,500	335,209	351,215	16,006	4.77%	12,715	3.76%
Totals	2,408,400	2,300,991	2,296,134	(4,857)	-0.21%	(112,266)	-4.66%

Notes:

The following two types of expenditure are shown in the variance breakdown because they are included in the Cost of Services for individual cost centres, but are reversed out in the Accounts.

- Capital Charges - these include depreciation and impairment entries
- Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

Variance BreakdownActual 2011/12Revised Budget 2011/12Variance £Variance %CommentsRegistration of Electors

Payments to Canvassers	18,858	22,000	(3,142)	-14.28%	The department managed to negotiate a favourable rate for electronic canvass returns. In addition fewer canvassers met their targets this year, and some canvassers were penalised for poor returns.
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HOS: SARAH FOWLER					
	<u>Actual 2011/12</u>	<u>Revised Budget 2011/12</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<u>Telephones & Reception</u>					
Salaries	67,458	94,400	(26,942)	-28.54%	Staff Vacancies
Superannuation	5,291		5,291		
National Insurance	3,887		3,887		
Year End Accounts Adjustment	1,688		1,688		
	<u>78,324</u>	<u>94,400</u>	<u>-16,076</u>	<u>-17.03%</u>	
<u>Computer Services</u>					
Salaries	212,254	287,400	(75,146)	-26.15%	
Superannuation	21,729		21,729		
National Insurance	15,021		15,021		
Year End Accounts Adjustment	8,320		8,320		
	<u>257,324</u>	<u>287,400</u>	<u>(30,076)</u>	<u>-10.46%</u>	Staff Vacancies
Capital Charges	113,261	81,600	31,661	38.80%	
IT Upgrades/Development	79,669	115,000	(35,331)	-30.72%	Budget had contingency built in to cover any unforeseen IT emergencies, including any additional work required for the data centre move.
Contract Payment	692,090	715,000	(22,910)	-3.20%	Budget reduced because of discontinuation of unused software, completion of programme of taking items back in-house and refund of historic overcharge

HOS: SHAUN SCRUTTON

COST CENTRE	2011/12 Revised Budget	Projection for Year End as at Q3 2011/12	Actual 2011/12	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
	£	£	£	£	%	£	%
Building Control Client Account	239,700	228,529	232,017	3,488	1.53%	(7,683)	-3.21%
Building Control Fee Account	(300,300)	(223,918)	(225,105)	(1,187)	-0.53%	75,195	25.04%
Planning Policy	256,800	235,740	246,129	10,389	4.41%	(10,671)	-4.16%
Development Management	137,400	100,815	87,437	(13,378)	-13.27%	(49,963)	-36.36%
Planning & Building Control Admin	116,200	99,678	106,534	6,856	6.88%	(9,666)	-8.32%
Economic Development	253,300	255,400	235,382	(20,018)	-7.84%	(17,918)	-7.07%
Hackney Carriage	5,000	5,629	5,718	89	1.58%	718	14.36%
Off Street Parking	(827,200)	(704,332)	(746,776)	(42,444)	-6.03%	80,424	9.72%
Public Transport	-15,200	-16,121	-15,008	1,113	-6.90%	192	-1.26%
Totals	(134,300)	(18,580)	(73,672)	(55,092)	296.51%	60,628	-45.14%

Notes:

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- Capital Charges - these include depreciation and impairment entries
- Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

<u>Variance Breakdown</u>	<u>Actual 2011/12</u>	<u>Revised Budget 2011/12</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<u>Building Control Fee Account</u>	(225,105)	(300,300)	75,195	25.04%	Income down during the year due to continuing downturn in economic climate, leading to fewer building work applications being received.

HOS: SHAUN SCRUTTON

<u>Variance Breakdown</u>	<u>Actual 2011/12</u>	<u>Revised Budget 2011/12</u>	<u>Variance £</u>	<u>Variance %</u>
<u>Development Management</u>				
Salaries	262,893	336,500	(73,607)	-21.87% Staff Vacancy
Superannuation	29,263		29,263	
National Insurance	22,479		22,479	
Year End Accounts Adjustment	11,746		11,746	
	<u>326,381</u>	<u>336,500</u>	<u>(10,119)</u>	-3.01%
Planning Fees	(303,923)	(264,000)	(39,923)	-15.12% Favourable variance represents a couple of large planning applications that were submitted after revised budgets were set.
<u>Building Control Administration Team</u>				
Salaries	85,574	111,000	(25,426)	-22.91% Staff Vacancy
Superannuation	7,795		7,795	
National Insurance	5,370		5,370	
Year End Accounts Adjustment	3,044		3,044	
	<u>101,783</u>	<u>111,000</u>	<u>(9,217)</u>	-8.30%
<u>Economic Development</u>				
Salaries	63,537	67,800	(4,263)	-6.29% Staff Vacancy
Superannuation	1,242		1,242	
National Insurance	(334)		(334)	
Year End Accounts Adjustment	(18,897)		(18,897)	
	<u>45,548</u>	<u>67,800</u>	<u>(22,252)</u>	-32.82%
<u>Off St parking</u>				
Pay & Display Income	(910,000)	(831,360)	(78,640)	-9.46% Income from Pay & Display fell short of revised budget despite a change in parking charges.

COST CENTRE	2011/12 Revised Budget £	Projection for Year End as at Q3 2011/12 £	Actual 2011/12 £	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
				£	%	£	%
Woodlands	91,400	63,261	89,884	26,623	42.08%	(1,516)	-1.66%
Maintenance Of Grounds Holding Account	1,017,400	1,014,337	1,130,767	116,430	11.48%	113,367	11.14%
Parks & Open Spaces	294,300	252,871	274,314	21,443	8.48%	(19,986)	-6.79%
Environmental Health	533,100	531,921	517,251	(14,670)	-2.76%	(15,849)	-2.97%
Licensing	(18,300)	(23,298)	(23,650)	(352)	-1.51%	(5,350)	-29.23%
Public Health	16,100	12,825	16,283	3,458	26.96%	183	1.14%
Public Conveniences	92,900	89,659	57,541	(32,118)	-35.82%	(35,359)	-38.06%
Street Cleansing	642,100	624,784	635,127	10,343	1.66%	(6,973)	-1.09%
Recycling Collection	2,260,000	2,261,473	2,239,896	(21,577)	-0.95%	(20,104)	-0.89%
Recycling Disposal	(986,000)	(1,038,256)	(666,883)	371,373	35.77%	319,117	32.36%
Highways/Roads (Routine)	(19,900)	(24,302)	(24,323)	(21)	-0.09%	(4,423)	-22.23%
Depot	310,500	317,879	363,310	45,431	14.29%	52,810	17.01%
Totals	4,233,600	4,083,154	4,609,517	526,363	12.89%	375,917	8.88%

Notes:

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- Capital Charges - these include depreciation and impairment entries
- Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

<u>Variance Breakdown</u>	<u>Actual 2011/12</u>	<u>Revised Budget 2011/12</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
Capital Charges	157,617	75,400	82,217	109.04%	
SLA - Rochford Housing Association	(108,817)	(144,400)	35,583	24.64%	Due to contract failure, RHA have been doing their own grounds maintenance since January 2012.

<u>Variance Breakdown</u>	<u>Actual 2011/12</u>	<u>Revised Budget 2011/12</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<u>Parks & Open Spaces</u>					
Capital Charges	211,123	226,700	(15,577)	-6.87%	
<u>Licensing</u>					
Licensing Income	(64,501)	(59,500)	(5,001)	-8.41%	
<u>Public Conveniences</u>					
Capital Charges	0	30,000	(30,000)	-100.00%	
<u>Recycling Disposal</u>					
Capital Charges	317,083	0	317,083	100.00%	
<u>Highway/Roads Routine</u>					
Highways verge improvements	1,169	4,500	(3,331)	-74.02%	
<u>Depot</u>					
Capital Charges	215,480	172,400	43,080	24.99%	
Salaries	79,213	87,100	(7,887)	-9.06%	Acting up allowance and overtime paid due to long term sickness.
Superannuation	8,807		8,807		
National Insurance	5,490		5,490		
Year End Accounts Adjustment	4,391		4,391		
	<u>97,901</u>	<u>87,100</u>	<u>10,801</u>	12.40%	

HOS: YVONNE WOODWARD							
COST CENTRE	2011/12 Revised Budget £	Projection for Year End as at Q3 2011/12 £	Actual 2011/12 £	Variance to Q3 Forecast (Negative figures are favourable)		Variance to Revised Budget (Negative figures are favourable)	
				£	%	£	%
Coast Protection	2,000	2,000	2,000	0	0.00%	0	0.00%
Financial Services	457,000	443,291	449,026	5,735	1.29%	(7,974)	-1.74%
Cashiers	35,200	38,271	38,778	507	1.32%	3,578	10.16%
Audit & Performance Management	178,200	179,386	187,110	7,724	4.31%	8,910	5.00%
Totals	672,400	662,948	676,914	13,966	2.11%	4,514	0.67%

Notes:

The following two types of expenditure are shown in the variance breakdown because they are included in the Cost of Services for individual cost centres, but are reversed out in the Accounts.

Capital Charges - these include depreciation and impairment entries

Salaries Year End Adjustments in relation to the Pensions accounting entries under IAS19

<u>Variance Breakdown</u>	<u>Actual 2011/12</u>	<u>Revised Budget 2011/12</u>	<u>Variance £</u>	<u>Variance %</u>	<u>Comments</u>
<u>Cashiers</u>					
Salaries	23,332	27,200	(3,868)	-14.22%	Staff Redundancy Payment
Redundancy	2,306		2,306		
Superannuation	2,637		2,637		
National Insurance	1,029		1,029		
Year End Accounts Adjustment	657		657		
	29,961	27,200	2,761	10.15%	
<u>Audit & Performance Management</u>					
Salaries	149,819	174,200	(24,381)	-14.00%	IAS 19 Adjustment
Superannuation	14,254		14,254		
National Insurance	11,364		11,364		
Year End Accounts Adjustment	5,231		5,231		
	180,668	174,200	6,468	3.71%	