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## 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 2007/2008 budget for the third quarter of the year.

### 2 INTRODUCTION

- 2.1 A risk based methodology, 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 3 2007/08. The report includes the risks considered for each budget and a comparison of actual against revised estimate as at the end of December 2007.

### 3 SUMMARY

- 3.1 All the Authority's individual budgets are reported to service managers and heads of service on a weekly basis. Any actual or anticipated overspends are investigated each month, with managers asked to explain what action they will be taking to rectify the situation.
- 3.2 This report is now based on the revised estimates.

### 4 RISK IMPLICATIONS

#### Resource Risk

- 4.1 In year, changes to legislation and external funding. Regular monitoring of those budgets with the higher risk considerations will assist in controlling resource risk.

#### Operational Risk

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

#### Reputation Risk

- 4.3 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.

### **Regulatory Risk**

- 4.4 The Authority has agreed a Risk Management Strategy, which encompasses the Medium Term Financial Strategy.

## **5 MEMBERS' QUESTIONS**

- 5.1 As the appendix to this report is detailed, it would be appreciated if members would raise any questions prior to the 1st February. Contact details can be found at the end of this report. A summary of any queries and responses will be presented at the meeting.

## **6 RECOMMENDATION**

- 6.1 It is proposed that the Board **RESOLVES** to note the contents of this report

Yvonne Woodward

Head of Finance, Audit and Performance Management.

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### **Background Papers:-**

None

For further information please contact Matthew Petley on:-

Tel:- 01702 546366 ext 3102  
E-Mail:- matthew.petley@rochford.gov.uk

If you would like this report in large print, braille or another language please contact 01702 546366.

## BUDGET STRATEGY MONITORING STATEMENT – AS AT END OF DECEMBER 2007

Item	Risk Consideration	Lead (See Key)	Revised Estimate 2007/2008	Year to Date Revised Estimate	Actual		Variance to year to date original		Comment
					£	As % of Revised estimate 2007/2008	Brackets = adverse No brackets = good		
							£	%	
Bus Passes	Demand Led. Uncertainties over demand as changes are made to the scheme. We are also reliant on 3 <sup>rd</sup> party to provide estimates and calculate costs.	HP&T	796,100	597,075	519,762	65%	77,313	-13%	The scheme went County wide in April 2007. Within budget.
Taxi Voucher Scheme	Demand Led.	HP&T	120,000	90,000	80,704	67%	9,296	-10%	Demand remains constant.
Taxi Licensing Income	Demand Led.	HP&T	(80,200)	(60,150)	(66,630)	83%	6,480	11%	Renewing of licenses is seasonal, so although not quite in line with the year to date estimate, it is still anticipated that income will be on target.

**Key: Lead Officer**

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Local Land charges Fee Income	Demand Led. Affected by property market.	HLS	(245,000)	(183,750)	(182,710)	75%	(1,040)	-1%	Income is currently in line with budgeted figures.
Cemetery Income	Demand Led.	HLS	(95,000)	(71,250)	(85,783)	90%	14,533	20%	It is difficult to forecast the demand for monuments and interments.
Parking Fees Income	Variable Budget	HP&T	(812,000)	(609,000)	(597,697)	74%	(11,303)	-2%	Income expected to meet budget set for the year. These figures do not include January, which is generally a good month for car park usage due to seasonal activities.
Permits / Season Tickets Income	Variable Budget. Risk is that too high a rise in ticket prices may put public off buying a ticket.	HP&T	(200,000)	(150,000)	(134,361)	67%	(15,639)	-10%	Variable budget, this is set based upon previous years takeup.

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Penalty Charge Notices - Off St	Affected by Staffing Levels.	HP&T	(90,000)	(67,500)	(67,975)	76%	475	1%	Revised budgets were increased to take into account higher income figures. Performance results show an increase from 1656 issued in Q3 2006/07 to 2750 issued in Q3 2007/08. This is mainly due to the department now being fully staffed.	
Penalty Charge Notices – On St.	Affected by staffing levels. Risk is that department could loose staff again.	HP&T	(135,000)	(101,250)	(107,154)	79%	5,904	6%		
Planning Fees Income	Demand Led.	HP&T	(280,000)	(210,000)	(203,828)	73%	(6,172)	-3%		No action, demand led.
Building Control income	Demand Led.	HP&T	(283,000)	(212,250)	(207,859)	73%	(4,391)	-2%		No action, demand led.

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Contracted Temporary Accommodation including recharge.	Demand Led.	HCS	32,000	24,000	19,013	59%	4,987	-21%	Variance is due to increased use of alternative accommodation. This is reflected in the number of people being accommodated in the period. This being 6 single parent households and 8 families.
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	(14,466,600)	(10,849,950)	(11,751,272)	81%	901,322	8%	Subsidy payments are based on grant claims submitted at key points in the financial year. Case numbers constantly vary so actual at year end will vary slightly from budget.
Rent Allowances	Variable budgets - impact on the net revenue budget is reduced by	HCS	8,838,800	6,629,100	6,063,432	69%	565,668	-9%	Demand led depending on number of claimants. Net impact on the overall budget is reduced by matching government subsidy

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Council Tax Rebates		HCS	4,120,300	4,120,300	4,186,478	102%	(66,178)	2%	Council Tax is billed at the start of the year and therefore rebates are billed for 12 months. There will then be variations through the year as a result of changes in individual's circumstances.
Salaries	Members agree staffing structure. No control over other costs like National Insurance Contributions.	HFAPM	6,894,900	5,171,175	4,890,703	71%	280,472	-5%	There have been a large number of vacant posts during the year, therefore the variance of £280,472 is to be expected, however this is expected to drop before the end of the year as some posts may be filled in the short term by agency staff.

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Staff Advertising	Variable budget related to number of vacancies and difficulty in recruitment	HRM	70,000	52,500	72,856	104%	(20,356)	39%	Demand led budget related to vacancies. As vacancies have been higher than anticipated, advertising costs are higher reflecting this.
Net External Finance Income	Main item is investment. The list of approved parties follows advice from consultants. Main risk areas surround timings of investments and fluctuations in interest rates	HFAPM	(776,500)	(582,375)	(701,372)	90%	118,997	20%	Income to date includes interest earned on investments placed to the end of the year. The amount invested is dependent on demands on cash flow and therefore can vary significantly one year to the next; it is also affected by interest rates and therefore will vary from budget.

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IT Upgrades/ Developments	Based on agreed IT Strategy.	HICS	88,500	66,375	55,633	63%	10,742	-16%	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.
Recycling Credits & Sales Income	Variable Budget	HES	(324,600)	(243,450)	(189,173)	58%	(54,277)	-22%	This income is received from Essex County Council based on tonnage and is therefore paid in arrears. The actual figure includes income up to and including October 2007. If the budget was adjusted to match this, there is only a £200 variance. Totals of waste recycled for this period are 1364 tonnes compared to 1264 tonnes for quarter 3 2006/07.

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