

CLOSURE OF ACCOUNTS 2003/2004

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 the 29th July.

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.

3 CONSIDERATION

- 3.1 Members will recall that the report to Council showed that the General Fund net revenue budget was improved by £756,523. Based on the original report the analysis of variations over or under the revised estimate for 2003/04, in excess of £5,000 is shown below.
- 3.2 It has been necessary to make some amendments to the accounts previously submitted through changes that have had to be made in relation to Housing Benefits. When the accounts are prepared for submission in July many items have to be included based on estimates. This is particularly true of Housing Benefits, as the compilation of the claim requires a computer program to be written by the software supplier to extract the relevant information out of the individual cases. When later information is available it is normal practice to make these adjustments in the following years accounts as prior year adjustments. However for 2003/04 it is necessary to make the adjustments now and therefore amend the accounts. The net effect is to add £309,684 to net expenditure. Further details are shown later in this report.
- 3.3 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.
- 3.4 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 Corporate Management Board and then only for

manpower type expenditure. An example would be the employment of an agency worker to temporarily support a vacant post.

- 3.5 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. Corporate Management Board requires that these budgets be monitored individually and on a corporate basis.
- 3.6 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. | Democratic Representation | Members Allowance | 61,800 | 80,270 | 18,470 | Increase in basic allowance as recommended by the independent remuneration panel. |
| 2. | Other Operating Inc & Exp. | Net – External Finance - Income | 340,000 | 525,162 | (185,162) | Better than expected investment income, due to higher balances and increase in interest rates. |
| 3. | Business Rates | NNDR Pool Administration Grant – Income | 92,000 | 83,905 | 8,095 | Funding agreed by government. |
| 4. | Council Tax Benefits – net of subsidy | Benefits | 196,100 | 73,422 | (122,678) | Includes prior year adjustment of £134,000 |
| 5. | Local Land Charges | Fees & Charges – Income | 300,000 | 266,614 | 33,386 | Slow down in the housing market plus increased number of |

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| | | | | | | personal searches. |
| 6. | | Rating Revaluation – Income | 75,200 | 83,855 | (8,655) | Refunds on revaluations were better than expected. |
| 7. | Woodlands | Grants – Income | 17,000 | - | 17,000 | Funding will now start in 2004/2005. |
| 8. | Building Control. | Deposit of Plans – Income | 45,000 | 55,084 | (10,084) | Increased workload generating more income. £10,000 has been set-aside in a reserve to provide funding in future years. |
| 9. | | First Inspection – Income | 155,000 | 163,291 | (8,291) | As above. |
| 10. | Development Control | Planning Fees – Income | 175,000 | 244,569 | (69,569) | Demand led budget. Increase in planning applications. |
| 11. | Environmental Health | Car Allowances | 13,400 | 25,881 | 12,481 | Transport costs previously held in a holding account now charged to revenue budget. |
| 12. | Hackney Carriage | Vehicle Licensing – Income | 40,000 | 50,557 | (10,557) | We now charge the proprietor to replace and transfer a vehicle, for interim vehicle inspections and for replacement door stickers and plates; all of these are on the vehicle licence code. Better enforcement for |

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| | | | | | | collecting fees. |
| 13. | Waste Collection | Recycling Provision | 150,000 | 139,900 | (10,100) | Contract increases not as high as estimated |
| 14. | Waste Disposal | Recycling Credits & Sales - Income | 86,000 | 96,099 | (10,099) | Reflects rise in recycling levels and income. |
| 15. | Off Street Parking | Parking Fees – Income | 491,900 | 510,946 | (19,046) | All car parks have increased ticket sales. |
| | | Excess Charges – Income | 48,900 | 61,078 | (12,178) | This is the benefit from a stricter enforcement policy. |
| 16. | Public Transport | Bus Passes | 134,100 | 141,313 | 7,213 | Higher number of applications |
| 17. | Homelessness | Contracted Accommodation | 200,000 | 313,325 | 113,325 | Applications took longer than expected to process, which led to people staying in B&B accommodation longer. Due to staffing turnover and policy changes from the Government. |
| 18. | | Contracted Accommodation recharge – Income | 100,000 | 120,333 | (20,333) | Varies with numbers in accommodation |
| 19. | Housing Benefit Payments | Recoveries – Income | 300,000 | 318,903 | (18,903) | Additional income in relation to overpayments. |
| 20. | Housing Benefit Admin | Tax Credits – Training & Staff Costs – Income | 32,000 | 24,400 | (7,600) | Reduced during the year, estimate set before final figure released. |
| 21. | | Discretionary Housing | 7,400 | - | (7,400) | Budget not used |

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| | | Payments – Private Tenants | | | | |
| 22. | | Discretionary Housing Income | 7,400 | 14,942 | (7,542) | Higher level of grant from Government |
| 23. | | WIBS Subsidy – Income | 20,300 | - | 20,300 | Income is included in Admin subsidy in row 24. |
| 24. | | Administration subsidy Income | 267,000 | 284,974 | (17,974) | See row 23. |
| 25. | Revenues Investigation | WIBS Sanctions – Income | 42,000 | 49,161 | (7,161) | Estimate set at beginning of year. Subsidy is calculated on monthly figures, so is subject to change throughout the year. |
| 26. | Office Accommodation Rochford | Cleaning | 39,000 | 33,040 | (5,960) | Original budget provision overestimated, due to cleaning of Civic Suite being included. |
| 27. | | Electricity | 21,600 | 14,212 | (7,388) | Reduced consumption plus credit from previous year. |
| 28 | Human Resources Services | Staff Advertising | 65,000 | 79,473 | 14,473 | Demand led budget – result of turnover, increasing advertisement rates and posts needing to be re-advertised. |
| 29. | | Staff Reward Scheme | 9,400 | 1,455 | (7,945) | Dependant on the number of nominations. |
| 30. | | Rochford Youth Training | 19,700 | 2,882 | (16,818) | Budget directed towards returners to work. Under spent in year. |
| 31. | Works Account | Contractors | 1,552,028 | 1,345,652 | (206,376) | Total Repairs |

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| | | | | | | and Maintenance budgets for General Fund and HRA were under spent. |
| 32. | Legal Services | Rents – Income | 33,000 | 24,137 | 8,863 | Closing adjustments following sale of lease |
| 33. | All General Fund Services | Salaries | 5,225,000 | 5,306,585 | 81,585 | Related to staff turnover, gradings and temporary cover. |

4 HOUSING REVENUE ACCOUNT

| NO | Cost Centre | Item | Revised Estimate | Actual | Variance | Explanation |
|-----------|-------------------------|----------------------------|-------------------------|---------------|-----------------|--|
| 1. | Housing Revenue Account | Repairs | 1,150,000 | 1,029,907 | (120,093) | Increased planned expenditure through major repairs allowance and therefore reduction in responsive repairs. |
| 2. | | Rent – Income | 4,790,000 | 4,755,528 | 34,472 | Higher level of voids e.g. Hardwick House |
| 3. | | Sheltered Charges – Income | 730,000 | 747,309 | (17,309) | Estimate incorrect by 2%. |
| 4. | | Rent Rebate | 3,000,000 | 2,676,356 | (323,644) | Reduced rent rebates paid, matching reduction in subsidy in 5 |
| 5. | | Subsidy – Income | 2,315,000 | 1,976,476 | 338,524 | See 4 |
| 6. | General Management | Salaries | 234,600 | 240,039 | 5,439 | Overtime payments to |

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| | | | | | | provide staff cover. |
| 7. | | Consultancy on Stock Management | 8,000 | - | (8,000) | Stock Option Appraisal not implemented until 2004/05. |
| 8. | Special Services | Staircase & Estate Lighting | 14,000 | 7,998 | (6,002) | Some direct saving through use of lower energy light bulbs, and photocell controls. |
| 9. | Wardened Services | Salaries | 227,400 | 233,044 | 5,644 | Overtime payments to provide staff cover. |
| 10. | | Wardened Emoluments | 70,000 | 54,989 | (15,011) | Reduced number of wardens. |
| 11. | | Commercial Boiler Services | 31,900 | 16,607 | (15,293) | Change to service schedules. Some works now in 2004/05. |

- 4.1 The adjustment required in respect of Housing Benefits affects both 2002/03 and 2003/04. In 2002/03 there is an addition to expenditure of £294,525 and in 2003/04 a net reduction of income of £215,159. The accounts were closed based on the estimated position however the final claim and reconciliation showed that £294,525 of expenditure in 2003/04 was in fact part of the 2002/03 claim. This has the result of adding that expenditure to 2002/03 and reducing the expenditure available for subsidy in 2003/04. It should be remembered that the combined benefits paid for the two years is just under £11m.
- 4.2 It should be stressed that the Council has not lost any income only that the routine process of estimating claims and then adjusting for final claims has produced a variation much higher than normally expected and therefore requiring prompt action to amend the accounts.
- 4.3 Members will recall that at Council the Head of Financial Services made available some recent information regarding the views being taken by Essex County Council regarding future pension contributions. Within the draft accounts an additional £200,000 had been added to the pension equalisation reserve. To reduce the revised position, necessary through the adjustment to the rent rebates claim, this will

now be removed therefore making the net effect on balances a reduction of £309,684.

- 4.4 The resultant General Fund balance is £1,604,836 against the original estimated position of £1,789,214.
- 4.5 Members will need to agree the above as virements to ensure that the revenue accounts are fully authorised.

5. RECOMMENDATION

- 5.1 It is proposed that the Committee **RECOMMENDS to Full Council**
- (1) That the budget amendments identified in this report be agreed.
 - (2) That the amendments to the accounts identified within this report be agreed.

D Deeks

Head of Financial Services

Background Papers:

None

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