

## 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 first quarter of the year and an update on the new items included in the budget for 2007/08.

### 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 1 2007/08. The report includes the risks considered for each budget and a comparison of actual –v– original estimate as at the end of June 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 promptly investigated with managers asked to explain what action they will be taking to rectify the situation.
- 3.2 Where an original budget will not be met, adjustments will be made to the revised estimates. These will be reported to Council in January 2008. 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 2007/08 NEW BUDGET PRIORITIES

- 4.1 At the Member Awayday held on 20<sup>th</sup> January, Members considered the key priorities against the estimated resource position of the Council following grant distribution. Members at the awayday agreed that the following areas should be proposed for approval by the Council for 2007/08:-

Priority	Allocated Budget	Progress
Choice Based Lettings (CBL)	£20,000	A Choice Based Letting coordinator is now based at Southend Borough Council. They will be working as part of the Thames Gateway

Priority	Allocated Budget	Progress
		Partnership, they are currently drafting a proposal for consideration by member authorities.
Elections	£50,000	The additional £50,000 was used in the election process for the May elections.
Contaminated Land	£10,000	A Senior Environmental Health Officer is now evaluating the specialist report on Foulness Island. Order has been raised for staff cover in the Environmental Services Department at a cost of £10,000.
Handyman/Gardening for the Elderly Service	£27,500	Negotiations have taken place with the provider to extend the rollout of the Gardening / Handyman Service. Report on this agenda.
Great Wakering Youth Facilities	£27,500	Decision to be made on process by Executive Board in November 2007.

## 5 RISK IMPLICATIONS

### Resource Risk

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

### Operational Risk

- 5.2 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

- 5.3 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**

- 5.4 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 questions at the meeting, it may be more appropriate that they contact the Financial Services Manager direct (details at the end of this report) with specific queries prior to the meeting date so that there is time to research the answers.

**7 RECOMMENDATION**

- 7.1 It is proposed that the Executive 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

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## APPENDIX

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

Item	Risk Consideration	Lead (See Key)	Original Estimate 2007/2008	Year to Date Original Estimate	Actual		Variance to year to date original		Action
					£	As % of original estimate 2007/2008	Brackets = adverse No brackets = good		
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Bus Passes	Demand led. Actual cost subject to calculations by ECC consultants.	HP&T	520,000	130,000	178,339	34%	(48,339)	37%	From 1 <sup>st</sup> April, bus passes are valid throughout Essex, the budget took into account additional uptake due to the new scheme, but demand exceeded expectation. The bus companies also pursued legal action claiming that their costs for providing the service were substantially greater than originally forecast.
Taxi Voucher Scheme	Demand for vouchers vary.	HP&T	106,000	26,500	28,027	26%	(1,527)	6%	A committee decision on 10 <sup>th</sup> October 2006 to restrict applicants to either bus passes or taxi vouchers was expected to cause a reduction in expenditure for 2007/08, however most users returned their buss pass instead of taxi vouchers therefore demand has remained constant.

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Taxi Licensing Income	Demand Led.	HP&T	(80,200)	(20,050)	(16,620)	21%	(3,430)	-17%	Renewing of licenses is seasonal, so although not in line with the YTD estimate, it is still anticipated that the budget will be met.
Local Land charges Fee Income	Demand Led.	HLS	(245,000)	(61,250)	(73,402)	30%	12,152	20%	Income is above target. The Revised Budget will be increased in recognition of this improvement.
Cemetery Income	Demand Led.	HLS	(90,000)	(22,500)	(29,850)	33%	7,350	33%	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.
Parking Fees Income	Variable Budget	HP&T	(806,500)	(201,625)	(150,928)	19%	(50,697)	-25%	Seasonal budget.
Permits / Season Tickets Income	Variable Budget	HP&T	(191,000)	(47,750)	(36,578)	19%	(11,172)	-23%	Variable budget.

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Planning Fees Income	Demand Led.	HP&T	(280,000)	(70,000)	(59,210)	21%	(10,790)	-15%	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. The government is currently consulting on fee increases.
Building Control income	Demand Led.	HP&T	(226,000)	(56,500)	(70,332)	31%	13,832	24%	No action, demand led. Will be revised up if current levels continue.
Contracted Temporary Accommodation (formerly known as Bed & Breakfast)	Demand Led.	HCS	80,000	20,000	11,138	14%	8,862	-44%	Variance is due to increased use of alternative accommodation. This is reflected in the number of people being accommodated in the period. This being only 9 adults and 2 children.
Contracted Accommodation recharge	Demand Led.	HCS	(18,000)	(4,500)	(7,740)	43%	3,240	72%	

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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	(10,998,500)	(2,749,625)	(2,633,795)	-7%	(115,830)	-15%	Subsidy payments are based on grant claims submitted after the budget estimates have been prepared. Mid year grant claims will be submitted which will affect the final end of year figure.
Rent Allowances	Variable budgets - impact on the net revenue budget is reduced by Government Grant	HCS	7,017,200	1,754,300	1,725,220	25%	29,080	-2%	Demand led depending on number of claimants. Net impact on the overall budget is reduced by matching government subsidy
Council Tax Rebates		HCS	4,120,300	1,030,075	1,061,307	26%	(31,232)	3%	Council Tax is billed at the start of the year and therefore rebates are billed for 12 months. This will vary throughout the year depending on changes in individual's circumstances. The figures shown here represent one quarter's worth of information.

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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	7,924,300	1,981,075	1,419,419	18%	561,656	-28%	Primarily this is due to an annual cost of living pay increase that has been built into budgets but has not yet been awarded, and therefore not reflected in actuals. Additionally there are a number of vacancies
Staff Advertising	Variable budget related to number of vacancies and difficulty in recruitment	HRM	70,000	17,500	28,303	40%	(10,803)	62%	Demand led budget related to vacancies. Recent post vacancy for Leisure & Cultural Services Manager plus other posts across the Authority.
Training	Based upon staffing training and development programme	HRM	106,200	26,550	8,550	8%	18,000	-68%	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 investment. There are risks associated with lending money to 3rd parties. The list of approved parties follows advice from consultants.	HFAPM	(550,000)	(137,500)	(222,687)	40%	85,187	62%	Income to date includes interest earned on investments to the end of the period. 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.
National Non-Domestic Rates	Annual budget based upon premises owned by RDC.	HFAPM	188,500	188,500	198,803	105%	(10,303)	-5.5%	NNDR bills are raised for the full year and budgets are based on knowledge of Rateable Values at a fixed time, therefore any variations that occur during the year will be reflected in the revised budget process.

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Car Allowances	Demand Led.	HFAPM	174,400	43,600	27,025	15%	16,575	-38%	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	98,100	24,525	13,330	14%	11,195	-46%	This is made up of a number of departmental budgets, which are all closely monitored.
Members Allowances	Demand Led.	HICS	188,400	47,100	50,930	27%	(3,830)	8%	On Target.

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External Audit and Inspection Fees	Based upon set work practices and sufficient working papers. Figures supplied by External Audit in Outline Audit Plan.	HFAPM	157,600	39,400	26,000	16%	13,400	34%	External Audit provide invoices quarterly and these payments are not equal. The Year to Date original estimate is based on 4 equal quarterly payments. Therefore although this appears below budget, it is anticipated that over the full year this will be met.
IT Upgrades/ Developments	Based on agreed IT Strategy.	HICS	88,500	22,125	9,480	11%	12,645	-57%	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	HICS	779,400	194,850	87,754	11%	107,096	-55%	Actual to date includes 1 month's worth of contract payments - if all 3 were included then actual spend to date would be approximately £200,000, which is in line with budget.

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Leisure FM Contract Payment	Annual amounts agreed in line with contract	HCS	276,300	69,075	22,355	8%	46,720	-68%	This does not include May and June's Contract payments as June's invoice is not yet due and May's is being disputed. If it did actual to date would be approximately £67,000, which is in line with budget set.
Contract Payments - Maintenance of Grounds		HES	636,500	159,125	51,462	8%	107,663	-68%	For these 4 contracts, the contract payment for May and June had not been made within the period under consideration. Taking into account this payment, the actual for the first three quarters of the year would be: £ Maintenance of Ground 154,500 Waste Collection 223,500 Kerbside Recycling 39,000
Contract Payments – Waste Collection		HES	943,800	235,950	74,409	8%	161,541	-68%	
Contract Payments – Kerbside Recycling		HES	176,100	44,025	13,063	7%	30,962	-70%	

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Contract Payments - Street Cleansing		HES	406,900	101,725	34,942	9%	66,783	-66%	Street Cleansing 105,000 The May invoice is not yet received and Junes is not yet due.
Recycling Credits & Sales Income	Variable Budget	HES	(293,800)	(73,450)	(405)	0%	(73,405)	-99%	This income is received from Essex County Council based on tonnage and is therefore paid in arrears. Totals of waste recycled for this period is 867 tonnes. This is slightly behind budget and will reflect in credits received. Nothing received from County yet this year.

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