

REPORT TO THE MEETING OF THE EXECUTIVE 6 February 2013

PORTFOLIO: FINANCE AND RESOURCES

REPORT FROM HEAD OF FINANCE

SUBJECT: QUARTER 3 2012/13 FINANCIAL MANAGEMENT REPORT

1 DECISION BEING RECOMMENDED

- 1.1 To note the current year-end forecasts for the revenue budgets of the Council based on financial performance in period April - December of the financial year 2012/13, as shown in appendix 1.
- 1.2 To note the supplementary estimate of £10,000 for Revenues and Benefits work.
- 1.3 To note the current financial performance on key financial indicators, as shown in appendix 2.
- 1.4 To note and agree the Quarter 3 Capital Monitoring Report in appendix 3.

2 REASONS FOR RECOMMENDATION

- 2.1 The purpose of this report is to provide Members with the latest forecast for the General Fund revenue budgets for the end of the year compared to the revised budgets agreed in December 2012. The General Fund is split into cost centres such as Financial Services and Environmental Health and the forecasts for each cost centre are detailed in appendix 1. These forecasts for the end of year position are based on the information available as at the end of December 2012.
- 2.2 Within the cost centres, there are budget headings that are considered significant to the overall financial position of the Authority. An example of this would be salaries, which account for £6.7m of total expenditure or significant income streams such as planning fees or parking. These key financial indicators are summarised in appendix 2.
- 2.3 The Council has strong budgetary control arrangements with the Finance team working with departmental officers to identify potential overspends or under recovery of income. Overspends are usually covered by virements from other budgets. The commentary in appendix 1 does not attempt to cover all the budgetary changes as cost centres may have over 30 different budget lines, but it draws attention to the key factors affecting the net expenditure for that cost centre. If the variance is under £5,000, there is no commentary. Some of the forecast under spends are due to staff vacancies, which have either been filled or are being held vacant, pending budget decisions. The

Portfolio Holder for Finance and Resources receives quarterly reports on staff vacancies.

- 2.4 The Quarter 3 Capital Monitoring Report provides Members with an up to date position on how projects funded through the capital programme are progressing.

3 OVERALL FINANCIAL POSITION

- 3.1 At Council on 31 January 2012 Members agreed, as part of the Medium Term Financial Strategy, that charges for pre application planning advice would be made. Following comparisons with other Authorities and consideration of the impact on applicants, a scheme of charges was agreed. The revised budget for 2012/13 was set at £25,000. Income up to the end of this quarter totalled £16,910. Forecasted income as at the end of 2012/13 is £22,500.

- 3.2 The results to the end of December 2012 indicate that for the General Fund, the year-end position is forecast to meet the revised estimate of £10.2m.

- 3.3 The main factors that are reducing the overall net expenditure are:-

- Income from Grave Purchases, Internments and Monument is expected to be above revised budget by about £20,000.

The main factors that are increasing the overall net expenditure are:-

- Income from Local Land Charges is forecast to be £15,000 below revised budget.
- Income from Building Control is forecast to be £15,000 below revised budget.
- Income from car park penalty charge notices is also expected to be below revised budget by £15,000.
- Planning fee income is forecast to be £60,000 below revised budget. This is despite fees rising by 15% in November 2012. This was the first increase since 2008.
- Despite now charging for parking at the Freight House and Hockley Woods, income from pay and display machines is forecast to be £37,500 below revised budget. To give Members some perspective on individual car parks performance the following table compares income received in the District's car parks for the first three quarters of 2012/13 compared to 2011/12.

Car Park	Financial Year	Income Received Q1 £	Income Received Q2 £	Income Received Q3 £	Total £
Websters Way	2011/12	89,969	94,944	103,184	288,097
	2012/13	99,133	107,114	94,704	300,951
Castle Road	2011/12	31,316	30,851	33,469	95,636
	2012/13	31,738	33,292	33,131	98,161
Back Lane	2011/12	23,880	23,008	25,033	71,921
	2012/13	25,536	27,097	27,788	80,421
Market Car Park	2011/12	9,922	10,150	11,654	31,726
	2012/13	14,001	14,412	14,432	42,845
Bellingham Lane	2011/12	26,136	30,017	31,983	88,136
	2012/13	31,228	32,339	29,840	93,407
Southend Road	2011/12	8,706	9,321	9,534	27,561
	2012/13	10,588	10,499	10,345	31,432
The Approach	2011/12	2,656	2,239	3,635	8,530
	2012/13	3,153	2,785	2,865	8,803
Hockley Woods	2011/12	-	-	-	-
	2012/13	-	-	264	264
Freight House	2011/12	-	-	-	-
	2012/13	-	2,840	3,803	6,643
Old Ship Lane	2011/12	1,483	1,407	1,659	4,549
	2012/13	1,541	1,472	1,417	4,430

4 DETAILS OF AMOUNTS APPROVED FOR WRITE OFF

- 4.1 As part of this report Members are given information on the amount of outstanding money approved for write off during the reporting period. The Chief Finance Officer is authorised to write off amounts due or claimed by the Council up to £5,000 and, after consultation with the Leader of the Council, between £5,000 and £15,000. Amounts over £15,000 must be reported to the Executive.

	Council Tax	NNDR	Benefits	Parking	Housing
2011/12	49,324	246,024	15,680	8,170	2,034
2012/13	37,519	94,555	34,233*	10,183	-

* This does not include the accounts written off for the purposes of accounting treatment, as reported to the Executive on 17 October 2012.

- 4.2 The Council collects over £48.1m in Council Tax and £14.82m in National Non domestic Rates (NNDR). For Council Tax and NNDR, the majority of the write offs are in relation to bankruptcies and insolvencies or where the Council is unable to trace the debtor. The debts written off for benefits are primarily overpayments where the benefit claimant has been late in advising a change of circumstances. For all types of debts, they are only written off after recovery methods have been exhausted.

5 SUPPLEMENTARY ESTIMATES

- 5.1 In line with Financial Regulations, the Chief Finance Officer has approved a request for additional funds of £10,000 to be met from Earmarked Reserves. This is for additional resource in Revenues and Benefits. The department has seen a high level of staff absence, which is affecting workloads. With the benefits targets to meet, and the new Council Tax Support Scheme coming into effect from April 2013, claims need to be as up to date as possible to minimise any financial penalty for the Council.

6 2012/13 QUARTER 3 CAPITAL MONITORING

- 6.1 This provides an update on the financial progress in completing the Capital Programme for 2012/13, which is shown in appendix 3 to this report. The revised Capital Programme for 2012/13 was agreed by Council on 29 January 2013.
- 6.2 The appendix shows that, in financial terms, 48% of the planned expenditure has been completed; however, the majority of projects are expected to be completed by the end of 2012/13.
- 6.3 The Capital Programme is funded by grants, capital receipts from proceeds of a VAT Shelter arrangement and the sale of Council housing under a sharing arrangement with Rochford Housing Association.

7 RISK IMPLICATIONS

- 7.1 Current general economic conditions still have the potential to adversely affect some of our major income streams, such as parking, Building Control and Development Management income. Further falls in activity may lead to further reductions in income. Benefits activity has increased, which may increase expenditure on processing claims if turnaround times are to be maintained. Changes to benefits may increase the number of homeless.
- 7.2 Despite effective recovery action of arrears and continued promotion of direct debit, collection rates for Council Tax are down by 0.2% against target and 0.4% against target for business rates. As austerity measures tighten and people's disposable income diminishes, collection rates will be monitored closely over the remainder of the year.
- 7.3 Changes to legislation, economic factors and external funding can put pressure on resources. Regular monitoring of those budgets with the higher risk considerations will assist in controlling resource risk.
- 7.4 Delays in completing the items on the Capital Programme could prevent the Council from achieving its strategic objectives and lead to adverse publicity.
- 7.5 Accuracy of forecasting revenue income streams could prevent the Council from meeting its revised budget. Unknown events such as severe weather can impact on income streams like car parking; such events are very hard to build into budget setting processes.

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:-

None.

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

FINANCIAL MANAGEMENT REPORT
FORECAST YEAR-END POSITION FOR 2012/13 AS AT END OF DECEMBER 2012

SERVICE: CHIEF EXECUTIVE INCLUDING PEOPLE & POLICY UNIT

Service Area	2012/13 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Chief Executive's Office	179,800	173,701	(6,099)	Savings due to staff vacancies.
Human Resources	234,800	206,509	(28,291)	Savings due to staff vacancies. Savings will also be achieved on Staff Advertising and Occupational health budgets.
Corporate Management Account	102,300	104,736	2,436	
Emergency Planning & Health and Safety	68,700	67,220	(1,480)	
Corporate Policy & Partnership	75,200	73,828	(1,372)	
Communications	75,400	75,765	365	

SERVICE: COMMUNITY SERVICES

Service Area	2012/13 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Council Tax	222,400	217,941	(4,459)	
Housing Benefit Administration	49,600	5,510	(44,090)	Savings due to staff vacancies.
Community Services Client Account	128,100	126,928	(1,172)	
Business Rates	(51,900)	(49,719)	2,181	
Council Tax Benefits	(38,550)	(38,550)	-	
Housing Benefit Payments	(85,900)	(85,900)	-	
Revenues Investigation Section	116,700	100,724	(15,976)	Savings due to staff vacancies.
Culture & Heritage – Windmill	39,000	34,680	(4,320)	
Leisure Premises	1,118,800	1,110,240	(8,560)	Some responsive building work budgets are likely to be under spent by the end of the financial year.
Sports Development & Promotion	3,800	(3)	(3,803)	
Leisure Client Account	106,400	98,610	(7,790)	Savings due to staff vacancy.
Housing Strategy	109,400	109,769	369	
Private Sector Housing Renewal	529,400	530,062	662	

SERVICE: COMMUNITY SERVICES

Service Area	2012/13 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Homelessness	426,200	430,162	3,962	
Community Safety	76,300	65,099	(11,201)	Savings due to staff vacancies.

SERVICE: ENVIRONMENTAL SERVICES

Service Area	2012/13 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Woodlands	118,300	97,227	(21,073)	Savings relate to staff vacancies.
Parks & Open Spaces	1,039,200	1,034,254	(4,946)	
Environmental Health	451,400	420,526	(30,874)	Savings are forecast on Contaminated land and Climate Code budgets.
Licensing	(21,000)	(32,828)	(11,828)	Income from licenses issued is expected to be higher than budgeted for.
Public Health	16,400	15,545	(855)	
Public Conveniences	109,700	106,028	(3,672)	
Street Cleansing	671,000	668,776	(2,224)	
Recycling Collection	2,730,000	2,722,269	(7,731)	Savings expected to be achieved regarding the reduced use and distribution of refuse and recycling sacks.
Recycling Disposal	(1,283,500)	(1,295,093)	(11,593)	Additional income expected to be generated from recycling than expected.
Depot	357,800	338,812	(18,988)	Savings relate to staff vacancies.
Highways/Roads Routine	(23,800)	(28,723)	(4,923)	

SERVICE: FINANCE

Service Area	2012/13 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Coast Protection	2,100	2,100	-	
Financial Services	476,200	424,378	(51,822)	Savings due to staff vacancies.
Audit & Performance Management	166,200	162,817	(3,383)	

SERVICE: INFORMATION AND CUSTOMER SERVICES

Service Area	2012/13 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Conducting Elections	108,850	100,232	(8,618)	The cost of holding elections in 2012/13 has not been as high as anticipated.
Registration of Electors	71,050	68,408	(2,642)	
Reception	136,800	119,017	(17,783)	Savings relate to staff vacancies.
Information & Support Services	475,900	454,003	(21,897)	Savings relate to staff vacancies.
Computer Services	1,162,600	1,158,210	(4,390)	
Customer Services	354,100	351,586	(2,514)	

SERVICE: LEGAL, ESTATES AND MEMBER SERVICES

Service Area	2012/13 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Office Accommodation Rochford	273,300	273,906	606	
Office Accommodation Rayleigh	79,200	71,240	(7,960)	The new Audio Visual equipment installed in the Council Chamber has no maintenance contract costs in its first year generating a saving against revised budget.
Local Land Charges	(83,400)	(65,000)	18,400	Income generated from land searches is forecast to be below revised budget. This reflects the continued subdued mood in the housing market.
Cemeteries & Churchyards – Open/Closed	(112,300)	(135,518)	(23,218)	Income from grave purchases, internments and monuments is forecast to exceed revised budget.
Estate Management Services	131,800	130,911	(889)	
Legal Services	316,900	305,127	(11,773)	Savings are forecast to be achieved against the legal fees budget.
Member & Committee Services	543,900	541,834	(2,066)	

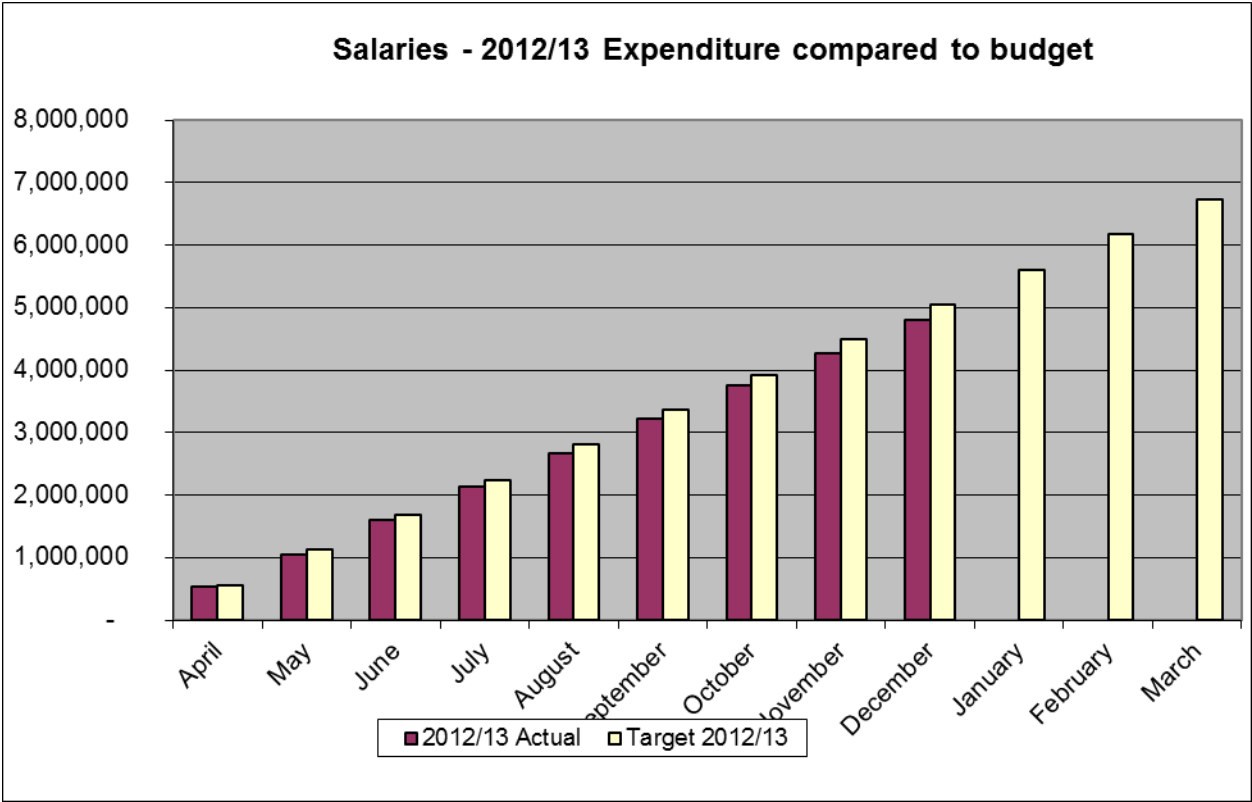
SERVICE: PLANNING AND TRANSPORTATION

Service Area	2012/13 Revised Budget £	End of Year Forecast £	Variance (Bracketed figures are favourable) £	Comment
Building Control Client Account	256,300	234,391	(21,909)	Savings relate to staff vacancy.
Building Control Fee Account	(235,000)	(213,389)	21,611	Income from Building Control applications is not expected to be as high as budgeted for. This represents the on going poor economic climate.
Planning Policy	284,100	279,935	(4,165)	
Development Management	75,700	66,496	(9,204)	Savings relate to staff vacancy.
Planning & Building Control Administration	116,200	114,819	(1,381)	
Hackney Carriage	1,100	1,160	60	
Off St Parking	(763,400)	(706,861)	56,539	Income from pay and display machines is expected to be £37,000 below revised budget. Income from Penalty Charge Notices is also expected to be below revised budget. This can be seen by the number of penalty charge notices being issued dropping from 1,184 in Q3 2011/12 to 917 for the same quarter this year.
Economic Development	232,600	228,114	(4,486)	

FINANCIAL MANAGEMENT REPORT
KEY FINANCIAL INDICATORS AS AT END OF QUARTER 3

Appendix 2

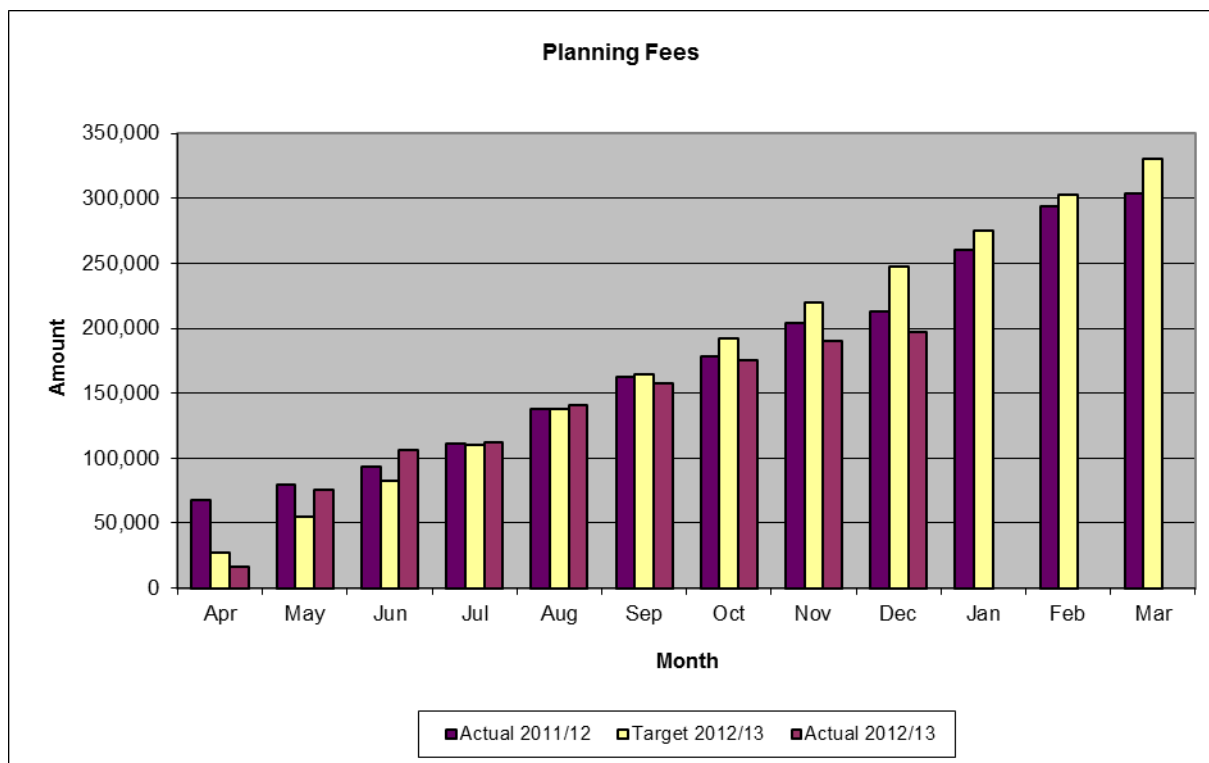
Salaries



Commentary

Total salaries are estimated at £6.729m which includes a salary strategy saving of £240,000 as detailed in the MTFS. There is no planned cost of living rise for the current year.

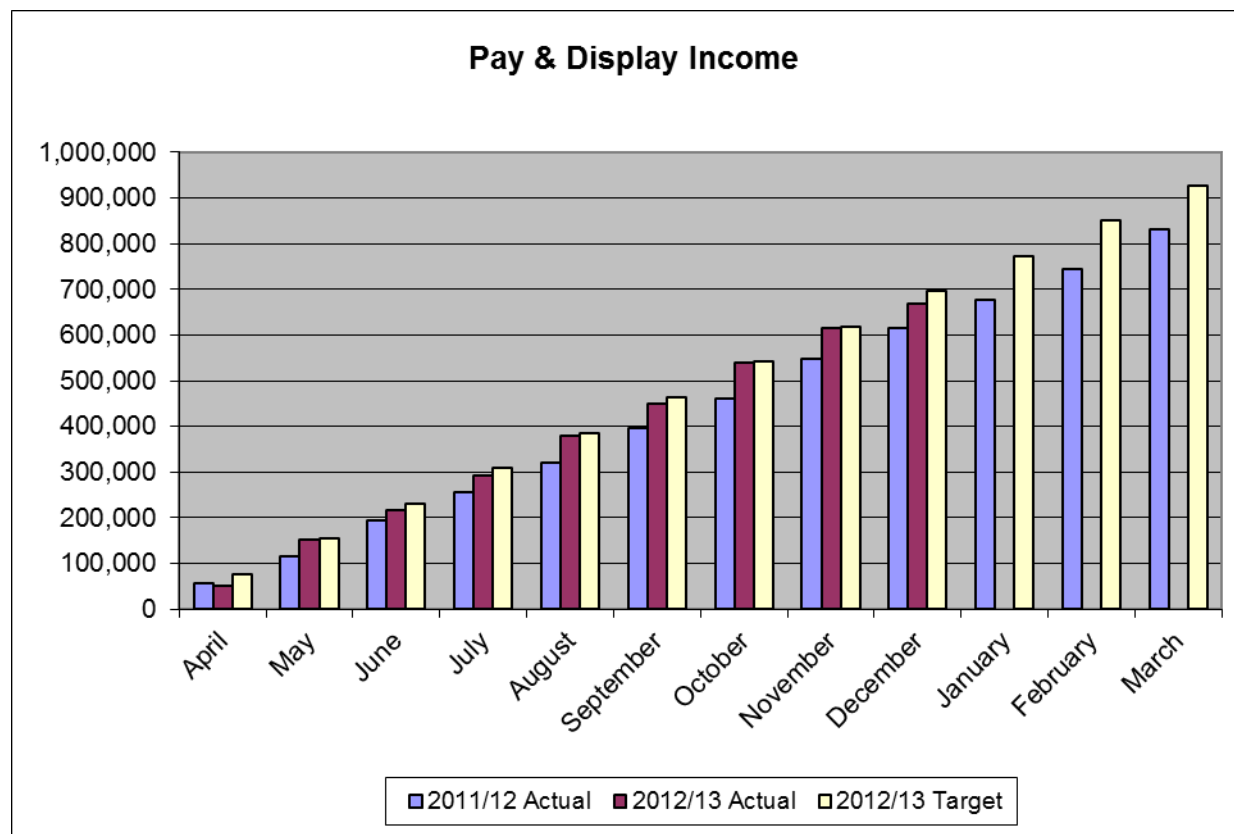
Expenditure on salaries is managed corporately and will be kept within the overall total. There is a possibility of further savings on salaries depending on staff turnover in the remainder of the year.

Planning Fees**Commentary**

The revised budget for planning fees income is £330,000.

At this stage, the year to date position is under budget by £50,813. This is despite a 15% rise in fees that occurred in November 2012. Year end forecasts predict total income to be about £270,000. This would be a shortfall of £60,000 compared to revised budget.

Compared to the same period in previous years, 2012/13 income at £196,687 is down by £16,529 against 2011/12 and down £13,728 against 2010/11.

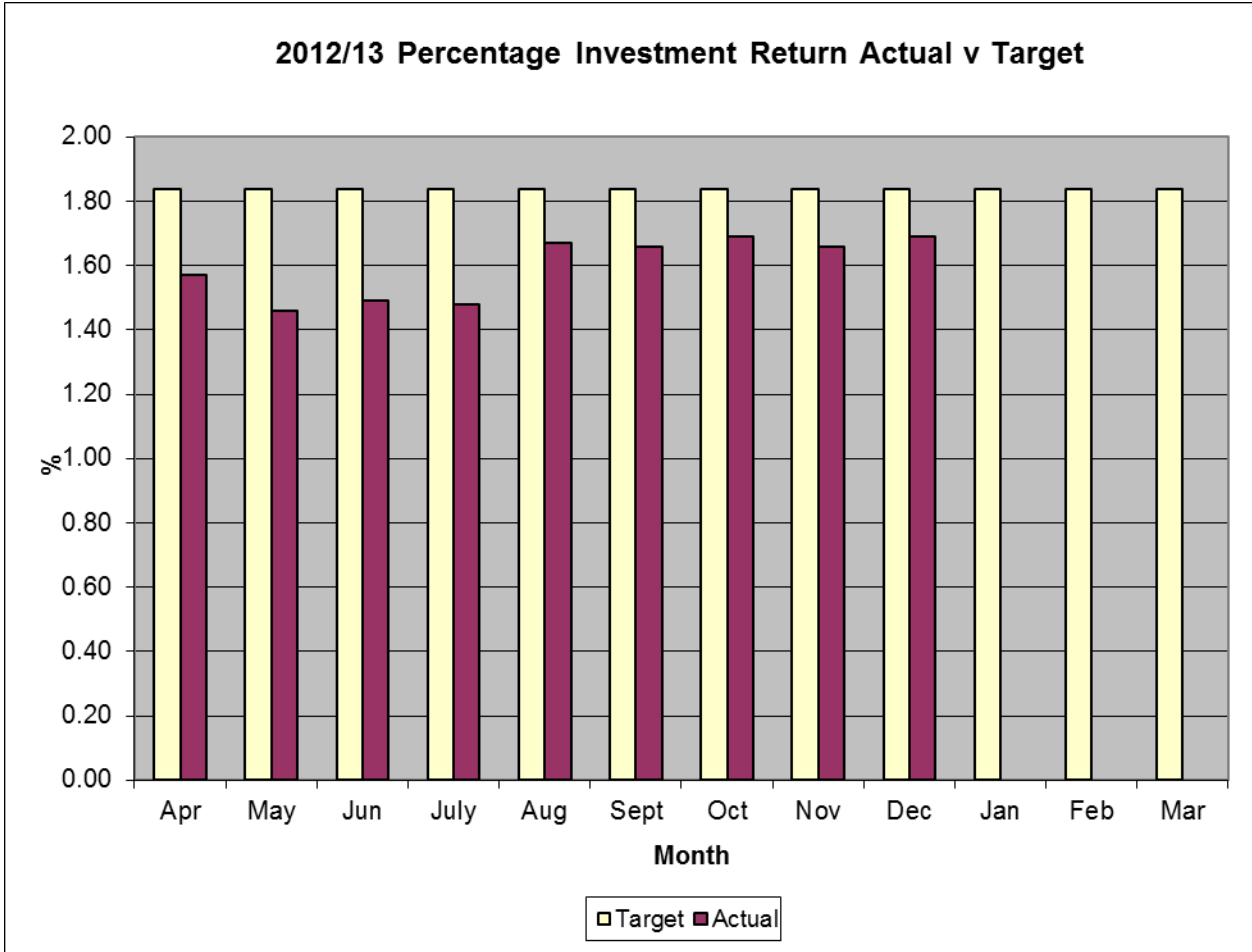
Parking Fees**Commentary**

The revised budget for 2012/13 is set at £927,500.

Income at £667,360 is down against the year to date target of £695,625. This compares to £616,156 for the same period, against a final figure for 2011/12 of £831,358 .

The current forecast for the end of year is £890,000.

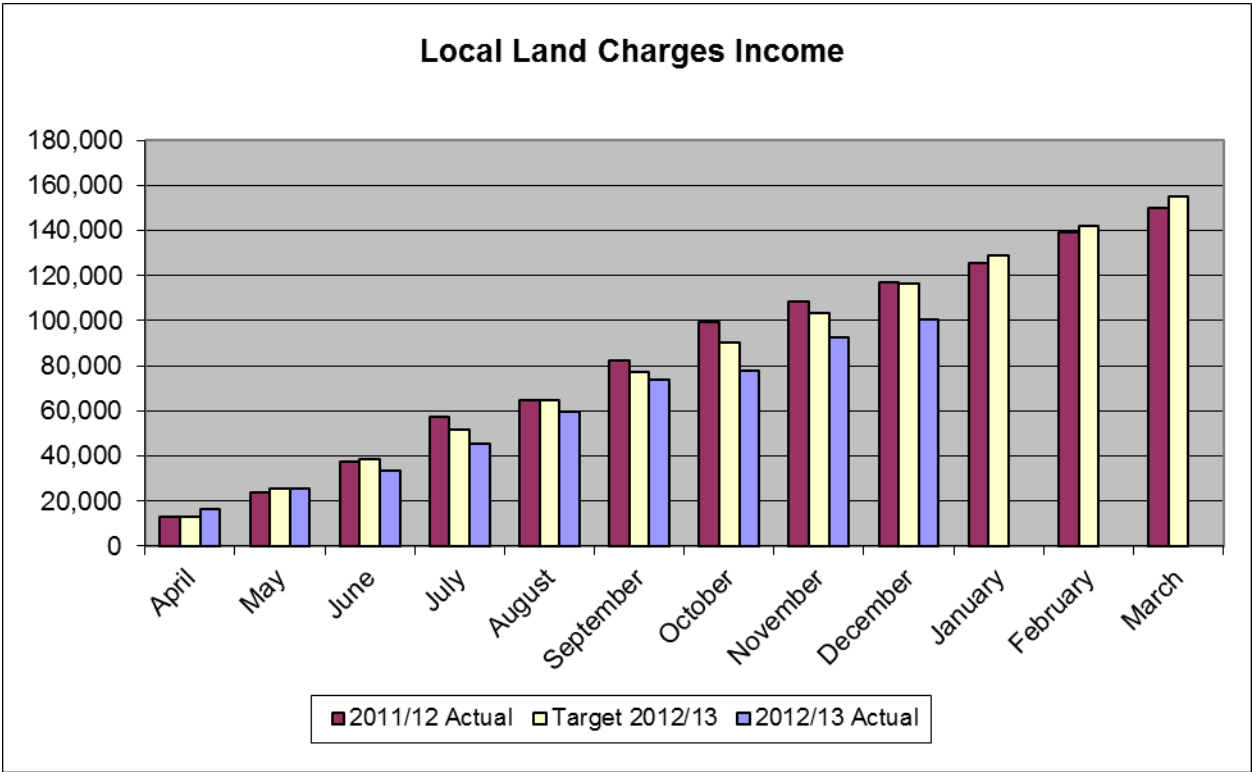
Investment Income



Commentary

The revised estimate for investment income for 2012/13 is £112,600. Current indications are that income from investments will be around £105,000 for 2012/13. Current interest rates are between 0.30% and 0.65% for short term deposits. For 12 months deposit we are currently able to get between 0.95% and 1.15%. The revised budget was set assuming no further base rate rise's in 2012/13.

Local Land Charges

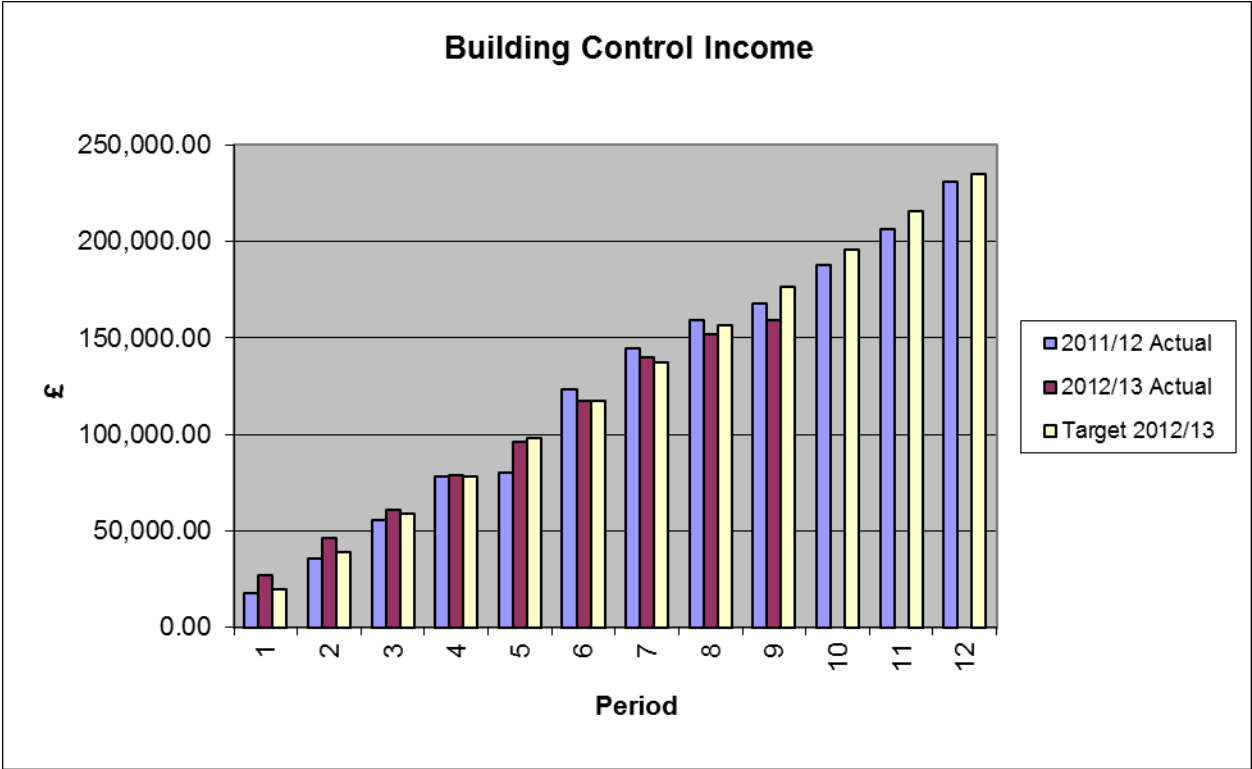


Commentary

The revised budget for 2012/13 is £155,000 and income to date is £100,378 against a year to date target of £116,250.

Income is now forecast to be around £15,000 less than revised budget based on the income received to date.

Building Control Income



Commentary

The revised estimate for 2012/13 is £235,000, income to date is £158,941 against a year to date target of £176,250. This compares to £167,939 for the same period last year.

Application rates of 179 have remained constant for this quarter compared to the same quarter last year. Total applications received at the same time in 2011/12 were 637, compared to 633 for this year.

Income as at the end of 2012/13 is forecast to be around £15,000 below revised budget.

Appendix 3

QUARTER 3 CAPITAL MONITORING REPORT 2012/13

	Client Officer	Revised 2012/13	Actual 2012/13	Comments
Information & Communications				
ICT Strategy	Sarah Fowler	62,342	-	The 2012/13 budget is being used to carry on the CoCo assessment regime changes that started in 2011/12. The money is still required, and if not spent will be carried into 2013-14.
Vehicles and Equipment				
Wheelie Bins	Richard Evans	73,936	430	Expenditure on replacement wheelie bins is demand led. Officers are looking at alternative uses for this funding to support storage improvements at the Council compound. a report will be prepared for Members during quarter 4 with expenditure planned to have been committed before year end.
Vehicle Replacements	Yvonne Woodward	32,100	8,000	This programme has been frozen, pending a review of vehicles. A budget has been retained for any urgent replacements. The spend in this quarter was granted for a salt spreader to assist in icy periods.
Equipment Replacement Programme	Sarah Fowler	128,235	87,603	Spend to date has been for the audio visual equipment in the Civic Suite and car park machines at the Freight House. The project for printer replacement is intended for Quarter 4. The franking machine is dependent on the outcome of a postal review, and therefore may be rolled into 2013-14.
Operational Assets				
Hall Road Cemetery Extension	Albert	40,000	1,750	Works originally budgeted for 2012-13 are not required at this

	Client Officer	Revised 2012/13	Actual 2012/13	Comments
	Bugeja			time and so some of the budget will be re-profiled in to 2013/14.
Rochford Offices - Heating and Electrical Works	Albert Bugeja	125,759	85,853	Remaining budget is for making good and snagging' which is well under way. The £23,000 for 2012-13 has been tendered and works commenced in Quarter 3. Completion in Quarter 4 is dependent on working around the staff in the relevant buildings.
Rochford Offices Window Enhancements	Albert Bugeja	35,000	34,735	Awaiting on contact from the contractor to progress works.
Rochford Offices – Upgrade of Loft insulation	Albert Bugeja	13,000	13,589	Works have been completed.
Rayleigh Office Accommodation - Structural Repairs	Albert Bugeja	-	-	Work has been deferred until 2013-14 awaiting the outcome of loft insulation works in other areas.
Pavilion Refurbishments	Richard Evans	17,000	14,357	Works for 2012/13 will include essential electrical safety improvements.
Town & Village improvements			-	
Big society Funding	Paul Warren	41,500	9,619	Allocation based on bids, which have been completed for 2012/13. £30,000 is an allocation for Great Wakering. It is anticipated that this will be paid before year end.
Hockley Car Park (Southend Road)	Shaun Scrutton	36,937	36,937	Work is completed.
Signage Enhancements	Richard	5,000	-	Expenditure will be approved by Head of Service.

	Client Officer	Revised 2012/13	Actual 2012/13	Comments
	Evans			
Public Conveniences	Richard Evans	30,000	-	To be agreed by Executive.
Parks & Play Facilities				
Play Spaces	Richard Evans	50,000	43,583	Works for play space surface will be completed this month.
Cherry Orchard Jubilee Country Park	Richard Evans	40,000	9,217	Expenditure on Cherry Orchard has been frozen, other than works already committed to, and the pet memorial area. This is to allow a full review of the project to be carried out.
Hockley Woods	Richard Evans	105,000	86,307	Car park works are completed; minor works to still be completed.
Magnolia Public Open Space	Albert Bugeja	18,563	6,200	Works are completed.
Rayleigh Leisure Centre - ground re-inforcement to overflow car park	Jeremy Bourne	30,000	-	Due to be completed in Quarter 4.
Parks & Open Spaces Programme	Richard Evans	60,000	5,816	The two skateboard park items are currently not progressing and potentially will not be able to go ahead due to the parishes not securing the match funding. This is yet to be confirmed.

	Client Officer	Revised 2012/13	Actual 2012/13	Comments
<u>Externally Funded Projects</u>				
Thames Gateway Decent Homes	Jeremy Bourne	31,131	12,090	Remaining grant will be spent in 2012-13 based on demand.
Home maintenance and Adaptation Grants	Jeremy Bourne	104,049	10,421	Spend is demand led. 2 grants awarded so far this year. There are further grants currently in process, but it is unlikely that the entire budget will be committed this year.
Disabled Facilities Grants	Jeremy Bourne	313,408	199,997	Spend is demand led. 30 grants have been committed to so far this year. It is expected to commit the remainder of the budget this year.
<u>Total Capital Programme</u>		1,392,960	666,504	48% complete