
REPORT TO THE MEETING OF THE EXECUTIVE 5 FEBRUARY 2014

PORTFOLIO: FINANCE AND RESOURCES

REPORT FROM HEAD OF FINANCE

SUBJECT: QUARTER 3 2013/14 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 2013/14, as shown in Appendix 1.
- 1.2 To note the current financial performance on key financial indicators, as shown in Appendix 2.
- 1.3 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 2013. 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 2013.
- 2.2 Within the cost centres, there are budget headings which are considered significant to the overall financial position of the authority. An example of this would be salaries which account for £6.83m 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 The results to the end of December 2013 indicate that for the General Fund, the year-end position is forecast to meet the revised estimate of £9.97m.

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

- Income from Local land Charges is forecast to be £12,000 above revised budget.
- Income generated from pre application planning advice is forecast to be above revised budget by about £4,000

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

- Income from Planning Applications is not expected to meet revised budget, forecasted income is expected to be under budget by around £6,000.
- Income from Building Control Applications is forecast to be under revised budget by about £16,000.

The following table compares income received in the District's car parks for 2013/14 against 2012/13.

| Car Park | Financial Year | Income received Q1£ | Income Received Q2£ | Income Received Q3£ | Income Received Q4£ | Total £ |
|--------------|----------------|---------------------|---------------------|---------------------|---------------------|---------|
| Websters Way | 2012/13 | 99,133 | 107,114 | 94,704 | 102,828 | 403,780 |
| | 2013/14 | 100,416 | 105,089 | 97,206 | | 302,711 |
| Castle Road | 2012/13 | 31,738 | 33,292 | 33,131 | 37,212 | 135,373 |
| | 2013/14 | 33,633 | 33,527 | 34,242 | | 101,402 |
| Back Lane | 2012/13 | 25,536 | 27,097 | 27,788 | 29,014 | 109,434 |
| | 2013/14 | 26,774 | 26,989 | 26,619 | | 80,382 |
| Market | 2012/13 | 14,001 | 14,412 | 14,432 | 15,642 | 58,488 |
| | 2013/14 | 14,355 | 14,958 | 15,408 | | 44,721 |

| Car Park | Financial Year | Income received Q1£ | Income Received Q2£ | Income Received Q3£ | Income Received Q4£ | Total £ |
|------------------------|-----------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------|
| Bellingham Lane | 2012/13 | 31,228 | 32,339 | 29,840 | 34,144 | 127,552 |
| | 2013/14 | 32,198 | 34,685 | 31,733 | | 98,616 |
| Southend Road | 2012/13 | 10,588 | 10,499 | 10,345 | 10,932 | 42,392 |
| | 2013/14 | 10,334 | 9,926 | 9,995 | | 30,255 |
| The Approach | 2012/13 | 3,153 | 2,785 | 2,865 | 3,425 | 12,228 |
| | 2013/14 | 2,689 | 4,074 | 4,514 | | 11,277 |
| Hockley Woods | 2012/13 | - | - | 264 | 1,503 | 1,767 |
| | 2013/14 | 1,918 | 3,076 | 1,250 | | 6,244 |
| Freight House | 2012/13 | - | 2,840 | 3,803 | 3,491 | 10,134 |
| | 2013/14 | 3,331 | 2,431 | 2,941 | | 8,703 |
| Old Ship Lane | 2012/13 | 1,541 | 1,472 | 1,417 | 1,610 | 6,040 |
| | 2013/14 | 1,591 | 1,522 | 1,372 | | 4,485 |

4 2013/14 QUARTER 3 CAPITAL MONITORING

- 4.1 This provides an update on the financial progress in completing the Capital Programme for 2013/14, which is shown in the appendix 3 to this report. The revised budgets for the Capital Programme will be presented to the Council on 28 January for approval. If there are any changes to the estimates, the Executive will be updated.
- 4.2 The appendix shows that, in financial terms, 55.5% of the planned expenditure has been completed; however, the majority of projects are expected to be completed by the end of 2013/14. The exception to this is Cherry Orchard. There is currently a moratorium on expenditure for this project which is subject to member approval of a revised programme of expenditure.
- 4.3 With the exception of Cherry Orchard referred to above, and as well as the annual allocations for Disabled Facilities Grants and Private Sector Housing Grants, the main key projects within the programme for 2013/14 are for the replacement of various equipment; in particular the Council's telephony system. Any required changes to the profile of these projects will be made and reported to the January Council.

- 4.4 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

5 CONTRACTS FOR TENDER

- 5.1 At Council on 22 February 2011 it was agreed that Members be informed of all forthcoming competitively tendered contracts above £25,000. In addition to the Members' Bulletin, these are now included in this Quarterly Financial Management Report.
- 5.2 In addition a full list of our contracts is published on the Rochford District Council website in the "selling to guide".
- 5.3 There is one contract due to be competitively tendered in quarter 4 2013/14.

6 RISK IMPLICATIONS

- 6.1 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.
- 6.2 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.
- 6.3 Delays in completing the items on the Capital Programme could prevent the Council from achieving its strategic objectives and lead to adverse publicity.
- 6.4 Accuracy of forecasting revenue income streams could prevent the council from meeting its revised budget. Unknown events such as severe weather can impact 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 2013/14 AS AT END OF DECEMBER 2013

SERVICE: CHIEF EXECUTIVE INCLUDING PEOPLE & POLICY UNIT

| Service Area | 2013/14 Revised Budget £ | End of Year Forecast £ | Variance (Bracketed figures are favourable) £ | Comment |
|--|---|---------------------------------------|--|----------------|
| Chief Executive's Office | 189,100 | 190,469 | 1,369 | |
| Human Resources | 217,100 | 221,952 | 4,852 | |
| Corporate Management Account | 104,600 | 109,315 | 4,715 | |
| Emergency Planning & Health and Safety | 54,400 | 51,145 | (3,255) | |
| Corporate Policy & Partnership | 73,200 | 61,581 | (11,619) | *Note |
| Communications | 68,600 | 67,459 | (1,141) | |

***Note** As part of the budget setting process, a target for salary savings is set based on expected staff turnover. These forecast underspends show the achievement of the salary savings by individual cost centre.

SERVICE: COMMUNITY SERVICES

| Service Area | 2013/14 Revised Budget £ | End of Year Forecast £ | Variance (Bracketed figures are favourable) £ | Comment |
|-----------------------------------|-----------------------------|---------------------------|---|---------|
| Council Tax | 293,300 | 296,394 | 3,094 | |
| Housing Benefit Administration | 14,300 | 17,641 | 3,341 | |
| Community Services Client Account | 129,400 | 126,707 | 2,693 | |
| Business Rates | (74,500) | (74,237) | 263 | |
| Housing Benefit Payments | (169,995) | (169,995) | - | |
| Revenues Investigation Section | 117,300 | 97,006 | (20,294) | *Note |
| Culture & Heritage – Windmill | 32,100 | 27,674 | (4,426) | |
| Leisure Premises | 1,144,600 | 1,147,235 | 2,635 | |
| Sports Development & Promotion | 3,600 | 436 | (3,164) | |
| Leisure Client Account | 75,900 | 79,357 | 3,457 | |
| Housing Strategy | 110,900 | 107,903 | (2,997) | |
| Private Sector Housing Renewal | 423,700 | 422,887 | (813) | |
| Homelessness | 400,000 | 403,158 | 3,158 | |
| Community Safety | 97,700 | 83,363 | (14,337) | *Note |

***Note** As part of the budget setting process, a target for salary savings is set based on expected staff turnover. These forecast underspends show the achievement of the salary savings by individual cost centre.

SERVICE: ENVIRONMENTAL SERVICES

| Service Area | 2013/14 Revised Budget £ | End of Year Forecast £ | Variance (Bracketed figures are favourable) £ | Comment |
|------------------------|-----------------------------|---------------------------|---|--|
| Parks & Open Spaces | 1,008,600 | 980,850 | (27,750) | *Note |
| Environmental Health | 469,400 | 428,688 | (40,712) | *Note |
| Licensing | (34,400) | (35,545) | (1,145) | |
| Public Health | 16,800 | 15,744 | (1,056) | |
| Public Conveniences | 113,600 | 108,882 | (4,718) | |
| Street Cleansing | 692,900 | 688,061 | (4,839) | |
| Recycling Collection | 2,788,100 | 2,785,549 | (2,551) | |
| Recycling Disposal | (1,418,000) | (1,423,724) | (5,724) | Income generated from textile recycling is expected to generate about £3,500 more than budgeted for. |
| Depot | 368,100 | 361,467 | (6,633) | *Note |
| Highways/Roads Routine | (22,800) | (26,585) | (3,785) | |

***Note** As part of the budget setting process, a target for salary savings is set based on expected staff turnover. These forecast underspends show the achievement of the salary savings by individual cost centre.

SERVICE: FINANCE

| Service Area | 2013/14 Revised Budget £ | End of Year Forecast £ | Variance (Bracketed figures are favourable) £ | Comment |
|-----------------------------------|-----------------------------------|------------------------------|--|---------|
| Coast Protection | 2,100 | 2,100 | - | |
| Financial Services | 506,000 | 490,615 | (15,385) | *Note |
| Audit & Performance Management | 149,100 | 136,467 | (12,633) | *Note |

***Note** As part of the budget setting process, a target for salary savings is set based on expected staff turnover. These forecast underspends show the achievement of the salary savings by individual cost centre.

SERVICE: INFORMATION AND CUSTOMER SERVICES

| Service Area | 2013/14 Revised Budget £ | End of Year Forecast £ | Variance (Bracketed figures are favourable) £ | Comment |
|--------------------------------|-----------------------------|---------------------------|---|---|
| Conducting Elections | 53,500 | 53,744 | 244 | |
| Registration of Electors | 72,200 | 72,728 | 528 | |
| Reception | 119,500 | 115,969 | (3,531) | |
| Information & Support Services | 486,100 | 476,477 | (9,623) | Savings are forecast against the central stationery and printing budgets. |
| Computer Services | 1,174,200 | 1,166,922 | (7,278) | *Note |
| Customer Services | 412,500 | 409,070 | (3,430) | |

***Note** As part of the budget setting process, a target for salary savings is set based on expected staff turnover. These forecast underspends show the achievement of the salary savings by individual cost centre.

SERVICE: LEGAL, ESTATES AND MEMBER SERVICES

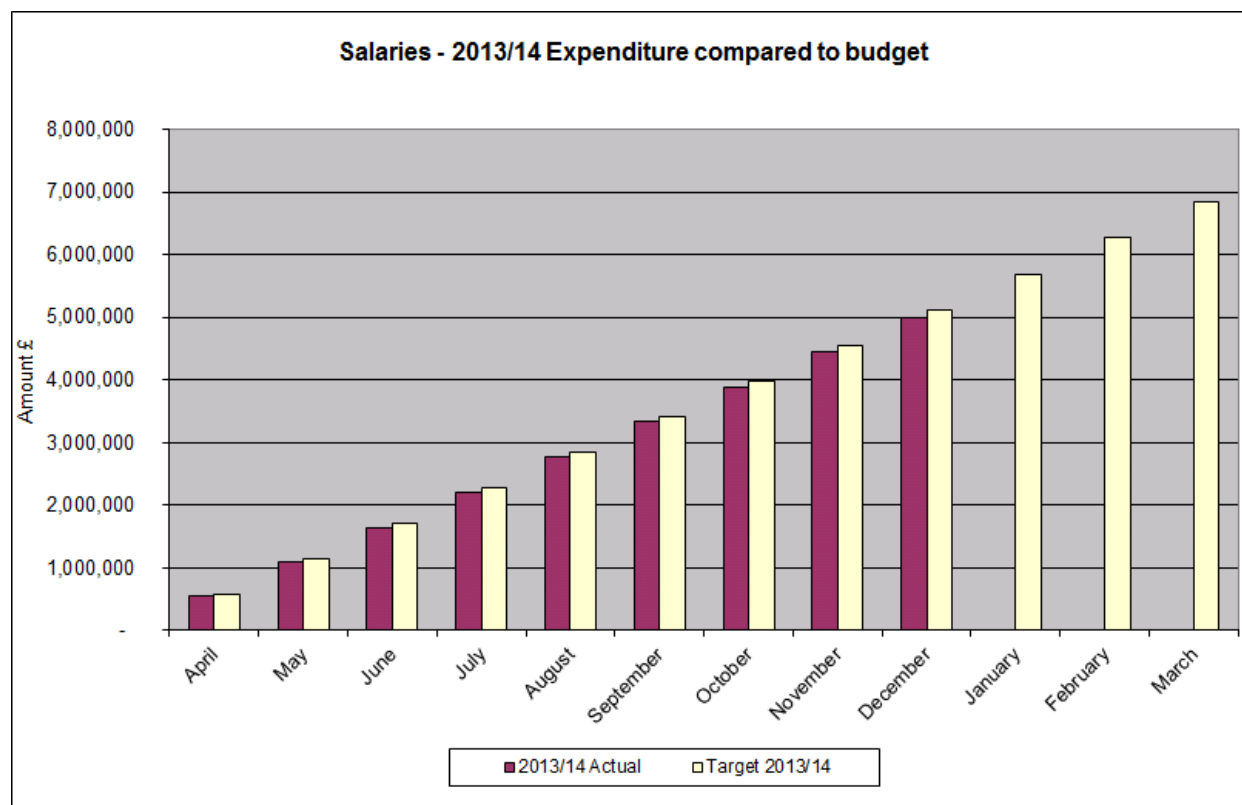
| Service Area | 2013/14 Revised Budget £ | End of Year Forecast £ | Variance (Bracketed figures are favourable) £ | Comment |
|--|-----------------------------|---------------------------|---|---|
| Office Accommodation Rochford | 267,300 | 254,992 | (12,308) | Savings are forecast against the responsive works budget. |
| Office Accommodation Rayleigh | 66,200 | 62,269 | (3,931) | |
| Local Land Charges | (147,400) | (159,883) | (12,483) | Income generated from land Searches is expected to exceed revised budget. |
| Cemeteries & Churchyards – Open/Closed | (146,000) | (143,037) | 2,963 | |
| Estate Management Services | 140,600 | 139,495 | (1,105) | |
| Legal Services | 320,300 | 320,331 | 31 | |
| Member & Committee Services | 548,900 | 543,936 | (4,964) | |

SERVICE: PLANNING AND TRANSPORTATION

| Service Area | 2013/14 Revised Budget £ | End of Year Forecast £ | Variance (Bracketed figures are favourable) £ | Comment |
|--|-----------------------------|---------------------------|---|---|
| Building Control Client Account | 240,400 | 240,578 | 178 | |
| Building Control Fee Account | (230,000) | (216,096) | 13,904 | Income from Building Control applications is forecast to be under budget by about £16,000 |
| Planning Policy | 295,400 | 291,343 | (4,057) | |
| Development Management | 209,300 | 181,178 | (28,122) | *Note |
| Planning & Building Control Administration | 53,800 | 57,353 | 3,553 | |
| Hackney Carriage | 2,700 | (2,084) | (4,784) | |
| Off St Parking | (730,700) | (732,682) | (1,982) | |
| Economic Development | 220,700 | 218,972 | (1,728) | |

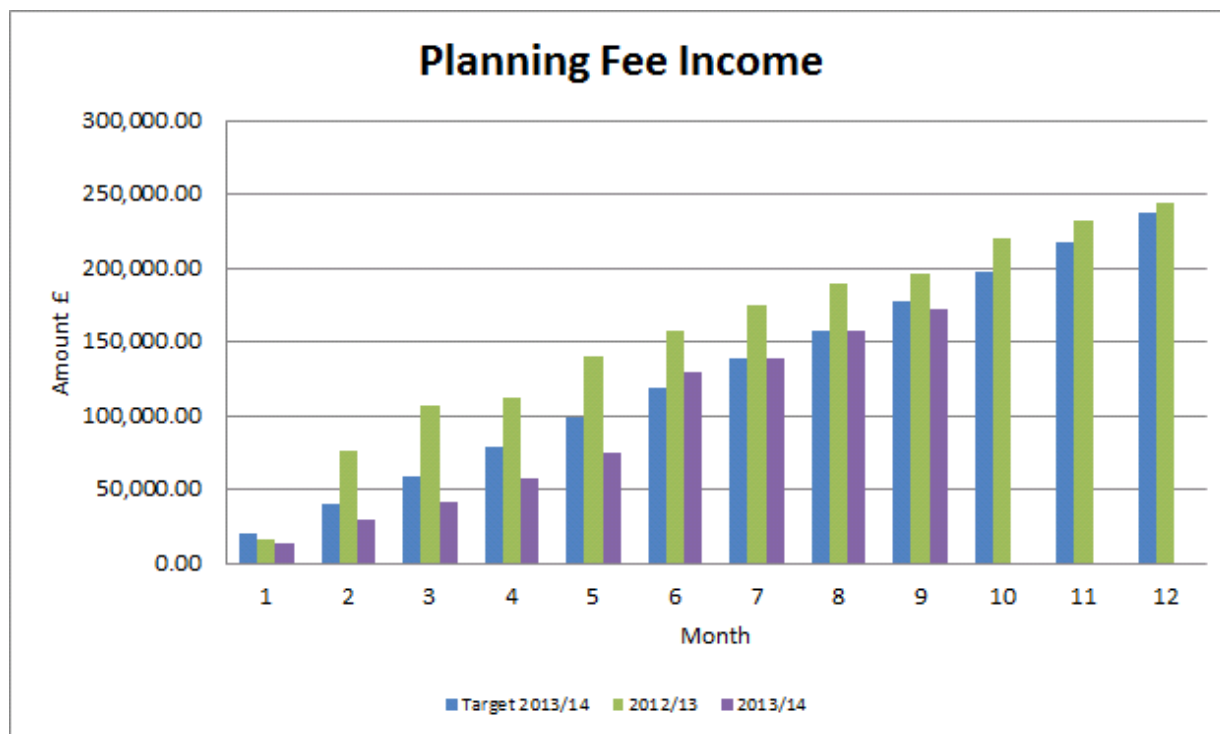
***Note** As part of the budget setting process, a target for salary savings is set based on expected staff turnover. These forecast underspends show the achievement of the salary savings by individual cost centre.

FINANCIAL MANAGEMENT REPORT
KEY FINANCIAL INDICATORS AS AT END OF QUARTER 2

Salaries**Commentary**

Total salaries are estimated at £6.830m which includes a salary strategy saving of £200,000.

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.

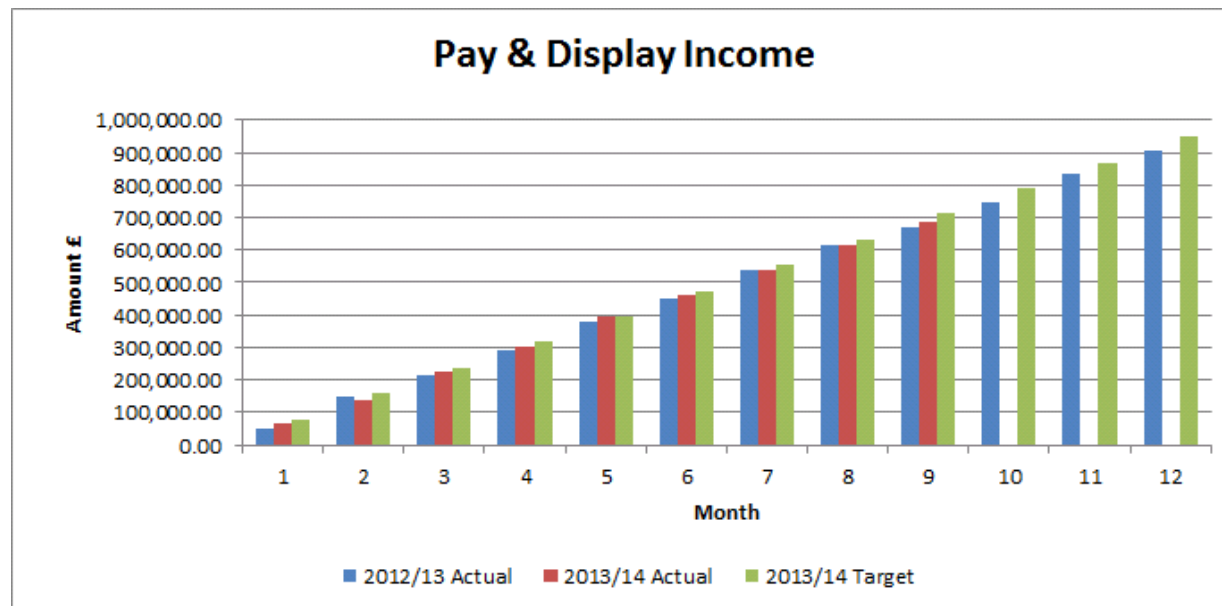
Planning Fees**Commentary**

The revised budget for planning fees income is £237,000.

At this stage, the year to date position is under budget by £5,857.

Compared to the same period in previous years, 2013/14 income at £171,893 is down by £24,794 against 2012/13 and down £41,323 against 2011/12.

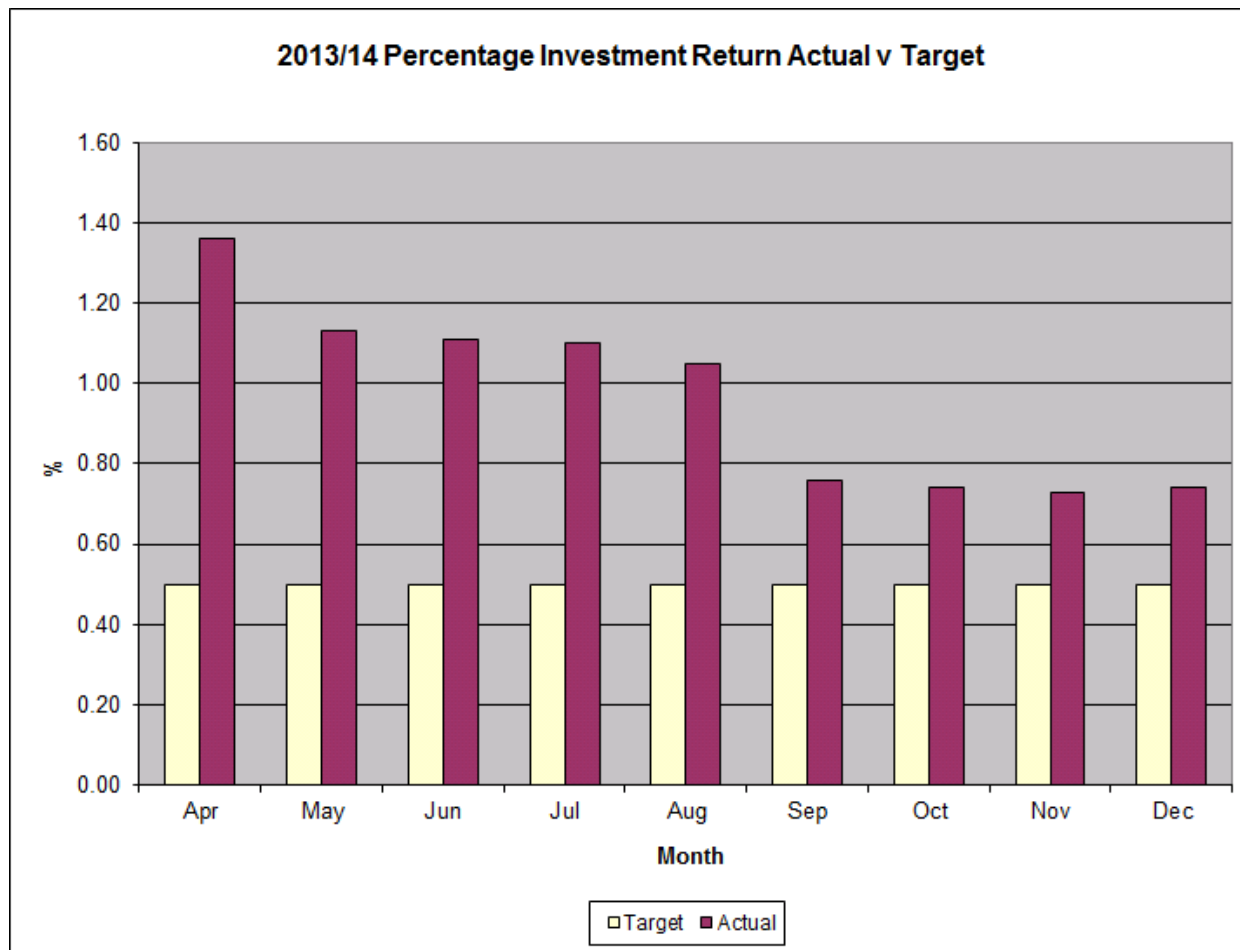
The total number of planning applications received this quarter was 114, compared to 144 in the same quarter for 2012/13.

Parking FeesCommentary

The revised budget for 2013/14 is set at £948,500.

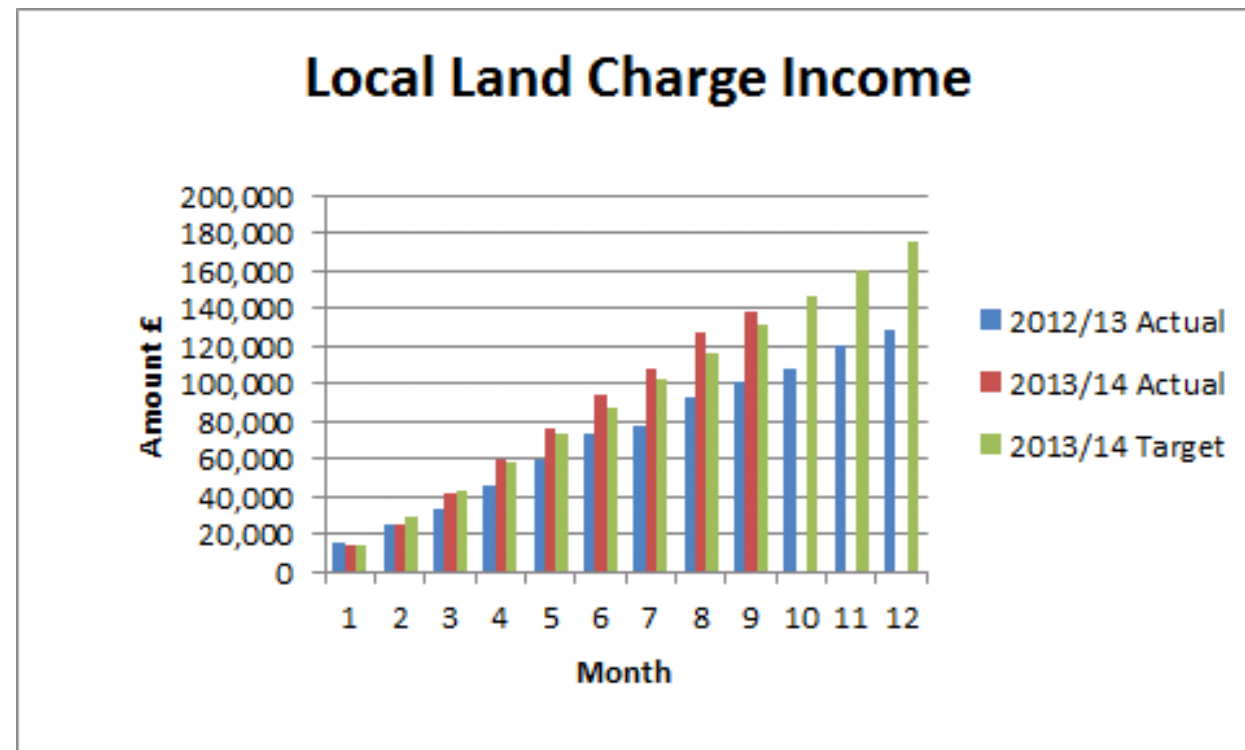
Income at £688,795 is down marginally against the year to date target of £711,375. This compares to £667,360 for the same period, against a final figure for 2012/13 of £907,190.

The current forecast for the end of year is for revised budget of £948,500 to be met.

Investment IncomeCommentary

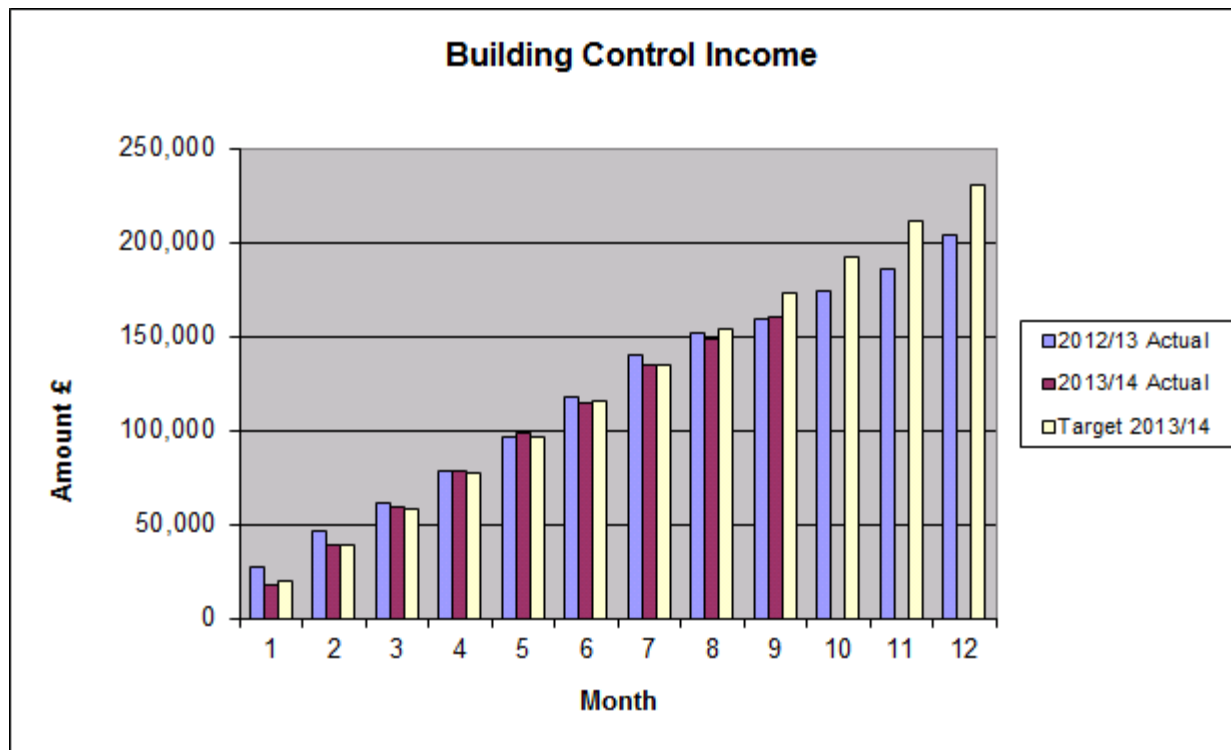
The revised estimate for investment income for 2013/14 is £63,200. Current indications are that income from investments will be in line with revised budget.

Current interest rates are between 0.35% and 0.75% for short term deposits. For 12 months deposit we are currently able to get a maximum rate of 0.98%. Revised budget has been set assuming there will no base rate rise for the remainder of the year

Local Land ChargesCommentary

The revised budget for 2013/14 is £175,000 and income to date is £138,478 against a year to date target of £131,247.

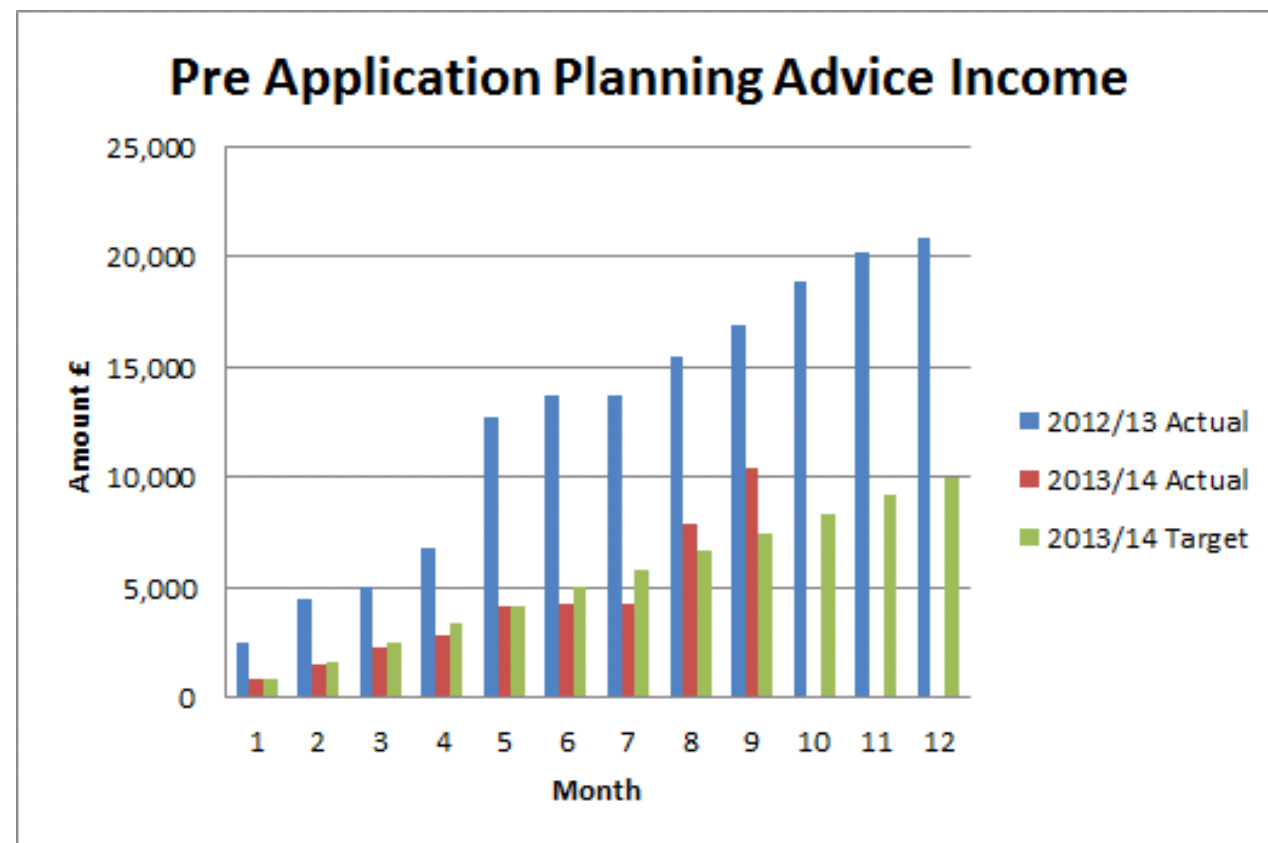
Income is now forecast to be around £12,000 more than revised budget based on the income received to date.

Building Control Income**Commentary**

The revised estimate for 2013/14 is £230,000, income to date is £160,391 against a year to date target of £172,500. This compares to £158,941 for the same period last year.

Application rates have remained steady when comparing quarter 3, 2012/13 to quarter 3, 2013/14, with 177 applications in both quarters.

Income as at the end of 2013/14 is forecast to be around £16,000 below revised budget.

Pre Application Planning AdviceCommentary

From 2012/13 the authority started charging for pre application planning advice. In 2012/13 this generated £20,870 worth of income.

For 2013/14 a revised budget was set at £10,000. Current indications are that income will be above this at the end of the year by around £4,000.

Income to date is £10,434 compared to a year to date target of £7,500.

QUARTER 3 CAPITAL MONITORING REPORT 2013/14

| | Client Officer | Approved (Revised) 2013/14 | Actual 2013/14 | Comments |
|---|---------------------------|---|---------------------------|---|
| Information & Communications | | | | |
| ICT Strategy | Sarah Fowler | 47,400 | 38,250 | The majority of the 2013-14 budget is to ensure that systems meet the requirements of the stricter CoCo requirements. |
| Vehicles and Equipment | | | | |
| Wheelie Bins | Richard Evans | 114,000 | -4790 | This budget is to enable changes this year to be made to bin storage that will ultimately generate revenue savings. The project is currently on hold pending a review of the depot following the recent flooding. |
| Vehicle Replacements | Yvonne Woodward | 48,000 | 21,865 | This programme has been frozen pending a review of vehicles. A budget has been retained for any urgent replacements. |
| Waste Vehicles | Richard Evans | 230,000 | 225,010 | A tender exercise has taken place for the purchase of 2 refuse freighters. An order is about to be placed and delivery is expected in June. |
| Cemetery Equipment | Richard Evans | 45,000 | 21,497 | The majority of the equipment has now been purchased. |

| | Client Officer | Approved (Revised) 2013/14 | Actual 2013/14 | Comments |
|---|-------------------|----------------------------------|-------------------|--|
| Telephony System | Sarah Fowler | 100,000 | 77,000 | Order has been raised for the system. Installation is expected in March 2014. Budget retained for the purchase of an additional server, power supplies and other costs associated with the installation. |
| Equipment Replacement Programme | Sarah Fowler | 51,500 | 32,982 | The hopper scanner, franking machine and ID badge maker have been received. Reception display equipment has been ordered. Mobile working is still to be implemented for building control and woodlands. |
| Operational Assets | | | | |
| Cemeteries | Albert Bugeja | 30,000 | 18,486 | Budget retained for potential works. Expenditure is for columbarium works. |
| Cemetery Staff Facilities | Albert Bugeja | 12,000 | 4,793 | An order has been raised and works are in progress. Further orders are to be placed. |
| Rochford Offices - Heating and Electrical Works | Albert Bugeja | 21,842 | - | Minimal making good and snagging works have been completed. No further spend is expected. |
| Rochford Offices Window Enhancements | Albert Bugeja | 59,908 | 44,794 | Expenditure has been approved by Executive. Most of the windows have now been done with the exception of the Old House, for which a design has been developed and is currently being trialed in a selected area. |

| | Client Officer | Approved (Revised) 2013/14 | Actual 2013/14 | Comments |
|--|---------------------------|---|---------------------------|---|
| Depot | Richard Evans | 31,000 | 2,025 | To enable feasibility studies of options for replacement of existing buildings and H&S works to be carried out. Expenditure to be approved by Head of Service. Final depot budget and proposals to be approved by Executive. |
| Rochford Offices – Upgrade of Loft insulation | Albert Bugeja | 25,050 | 7,074 | Loft insulation works to date have been completed. Quotes have been obtained for the scanning room. Orders will be placed subject to obtaining planning permission. |
| Rayleigh Office Accommodation - Structural Repairs | Albert Bugeja | 12,000 | 11,650 | Works have been completed. |
| Windmill | Jeremy Bourne | 2,500 | 2,769 | All orders have been raised and works are in progress. |
| Acacia House | Albert Bugeja | 21,200 | 17,945 | The budget is to cover costs for the disposal. Acacia House has now been sold by auction. No further costs expected. |
| Pavilion Refurbishments | Richard Evans | 26,700 | 16,810 | The heating changes to Ashingdon have now been tendered and the order placed. Further costs are expected for identified fire safety works. The alterations to Fairview are currently being quoted but are not expected to be started until 2014/15. |
| Town & Village | | | | |

| | Client Officer | Approved (Revised) 2013/14 | Actual 2013/14 | Comments |
|-------------------------------------|-------------------|----------------------------------|-------------------|---|
| improvements | | | | |
| Big society Funding | Paul Warren | 48,500 | 43,281 | Payment is made once invoices are received from those bodies to whom grants have been allocated. |
| Signage Enhancements | Richard Evans | 5,000 | 1,000 | Expenditure will be approved by Head of Service. Designs for places of interest signage are to be looked at. |
| Public Conveniences | Richard Evans | 30,000 | - | Works required will form part of a report to members in January. To be agreed by Executive. |
| Parks & Play Facilities | | | | |
| Play Spaces | Richard Evans | 50,000 | 46,076 | All orders placed and works completed |
| Cherry Orchard Jubilee Country Park | Richard Evans | 25,000 | 12,748 | There is currently a moratorium on expenditure on all Cherry Orchard projects, other than the pet memorial park, and works to control the usage of the lake, until a revised programme of works is approved by Members. The revised budget has been adjusted to reflect this. |
| Hockley Woods | Richard Evans | 20,000 | - | 2013/14 expenditure is for staff facilities for woodlands based staff. An order will be raised for the works pending receipt of a quote for the roof. |

| | Client Officer | Approved (Revised) 2013/14 | Actual 2013/14 | Comments |
|--|-------------------|----------------------------------|-------------------|--|
| Land Purchase | Albert Bugeja | 25,000 | 1,098 | Orders have been raised |
| Rayleigh Leisure Centre - ground re-inforcement to overflow car park | Jeremy Bourne | 30,000 | 31,500 | Order has been placed and works are expected to commence late January to early February. |
| Parks & Open Spaces Programme | Richard Evans | 43,700 | 2,645 | A replacement programme for specific bollards, benches and litter bins has been agreed by the portfolio holder. The £15k allocation for Grove Woods BMX track will be deferred to 2014/15 pending a report to Executive. |
| <u>Externally Funded Projects</u> | | | | |
| Home maintenance and Adaptation Grants | Jeremy Bourne | 142,000 | 26,096 | Spend is demand led. |
| Disabled Facilities Grants | Jeremy Bourne | 352,000 | 213,859 | Spend is demand led. |
| <u>Total Capital Programme</u> | | 1,649,300 | 915,365 | 55.5% complete |
| | | | | |

Items not in capital programme as funded by external grant

| | Client Officer | Budget | Actual 2013/14 | Comments |
|---------------------|-----------------------|---------------|-----------------------|---|
| Grove Road car park | Richard Evans | 27,000 | 22,871 | Funded by ECC grant. This is now complete |

CONTRACTS FOR TENDER DURING QUARTER 4 2013/14

The following contract is valued at £25,000 or more and is expected to be tendered in the 4th quarter of financial year 2013/14 (between January – March 2014)

| No. | Responsible Officer | Contract Title | Location | Proposed Method of Procurement | Estimated Cost |
|------------|----------------------------|-----------------------|-----------------------|--|-----------------------|
| 2988 | Planning Policy Manager | Employment Land Study | Whole of the District | Competitive tender to at least 3 contractors who formally respond to expressions of interest advertisement | £25,000.00 |