

REPORT TO THE MEETING OF THE EXECUTIVE 22 JULY 2009

**PORTFOLIO: PORTFOLIO HOLDER FOR FINANCE AND
RESOURCES**

**REPORT FROM HEAD OF FINANCE, AUDIT AND PERFORMANCE
MANAGEMENT**

**SUBJECT: FINANCIAL MANAGEMENT REPORT QUARTER 1 OF
2009/10**

1 DECISION BEING RECOMMENDED

- 1.1 To note the contents of the Financial Management Report for quarter one 2009/10.

2 REASONS FOR RECOMMENDATION

- 2.1 This new layout report replaces the previous quarterly budget monitoring reports. The purpose of this report is to provide members with an updated future picture each quarter on how income/expenditure is looking compared to budget.

The approach taken to present information has been to show expenditure and income on service areas (Appendix 1). At this early stage in the year savings should be seen against original budgets as salary cost of living rises have yet to be applied, with this in mind, comments have only been put against variances that exceed the cost of living rise.

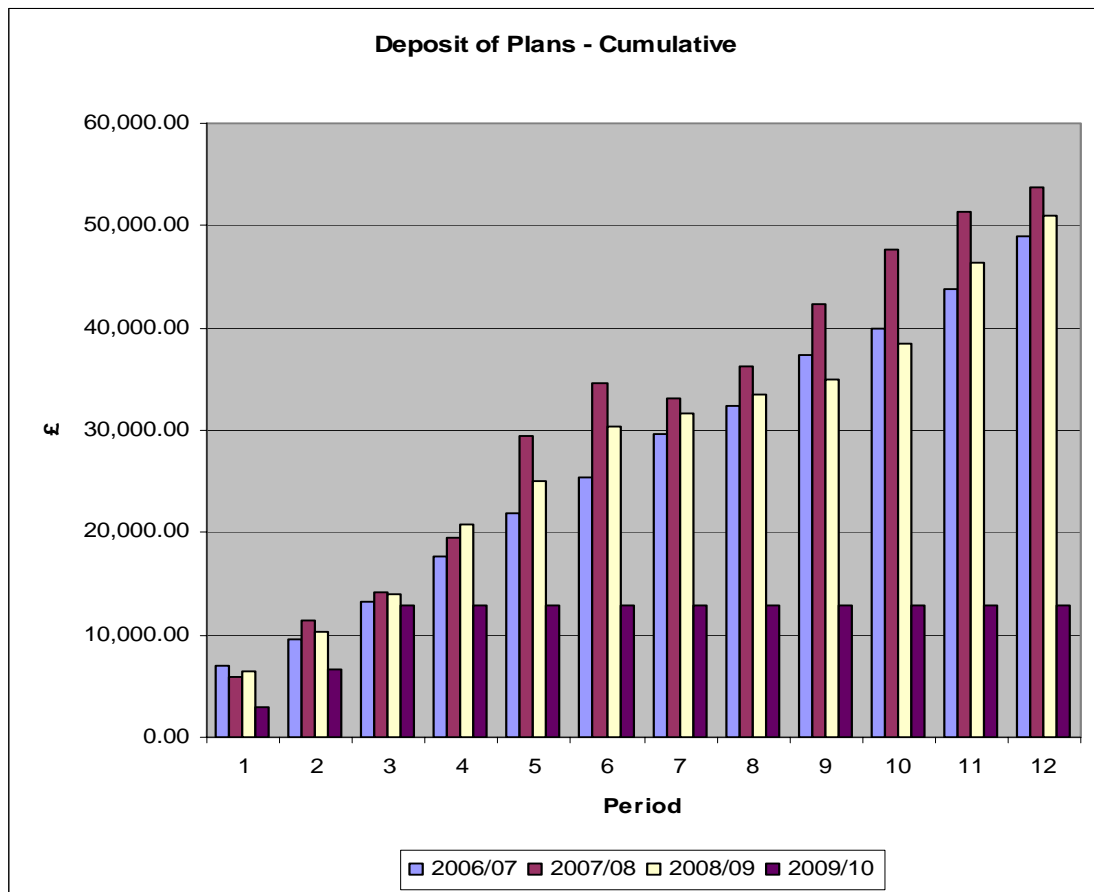
The report includes a comparison of actual against original estimate as at the end of June 2009.

3 HIGHLIGHTED ISSUES

- 3.1 Building Control Income is higher than originally budgeted due to an increase in income from "First Inspection" of building work carried out, although planning income is down against budget, probably due to the continuing uncertainty in the economy affecting planning applications. Building Control income is split into two areas, Deposit of Plans and then First Inspection. By looking at the tables and graphs below you will see that income is around £8,000 higher compared to this time last year. The 4th bar on the graph shows the cumulative position for 2009/10 as at the end of June. Income is £12,885.10 for Deposit of Plans and £51,679.84 for First Inspection. This is a favourable variance of £21,588 against the original estimate of £230,000.

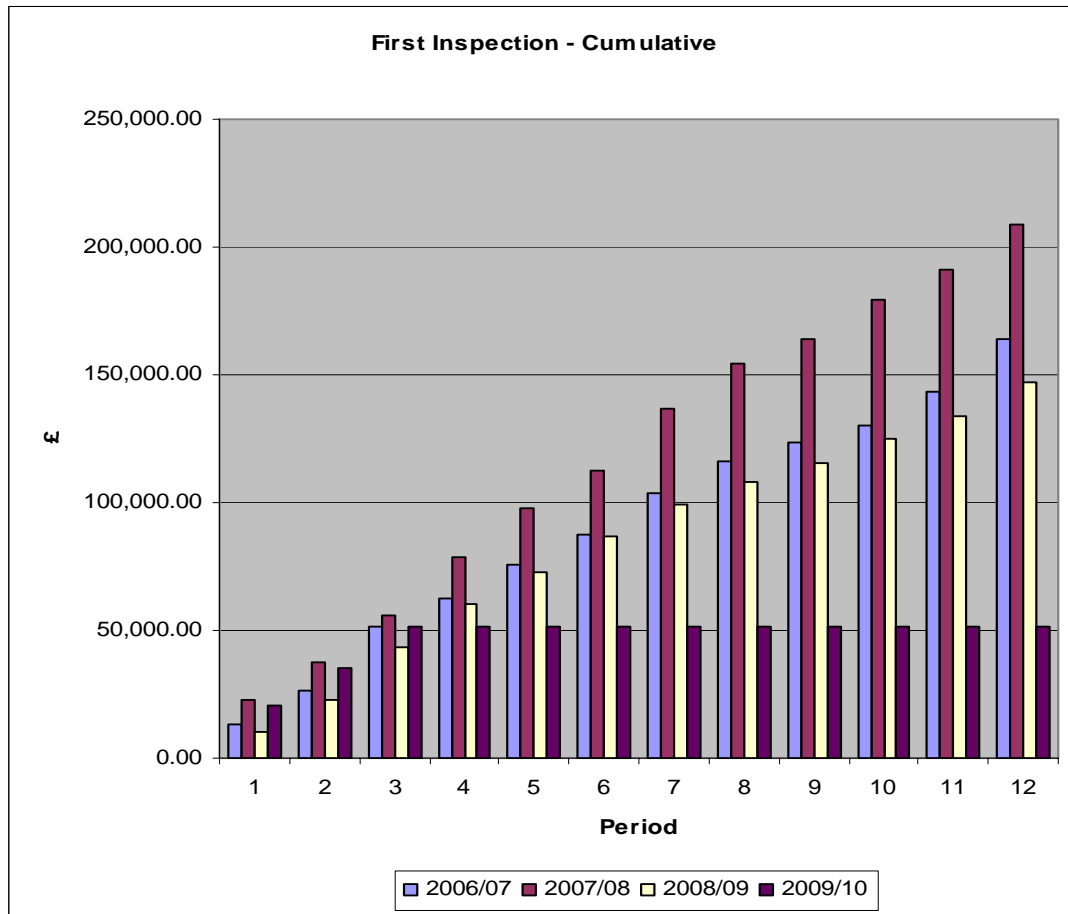
3.2 Deposit of Plans

Year	2006/07	2007/08	2008/09	2009/10 To Date
Value £	13,329.79	14,255.84	13,983.19	12,885.10



First Inspection

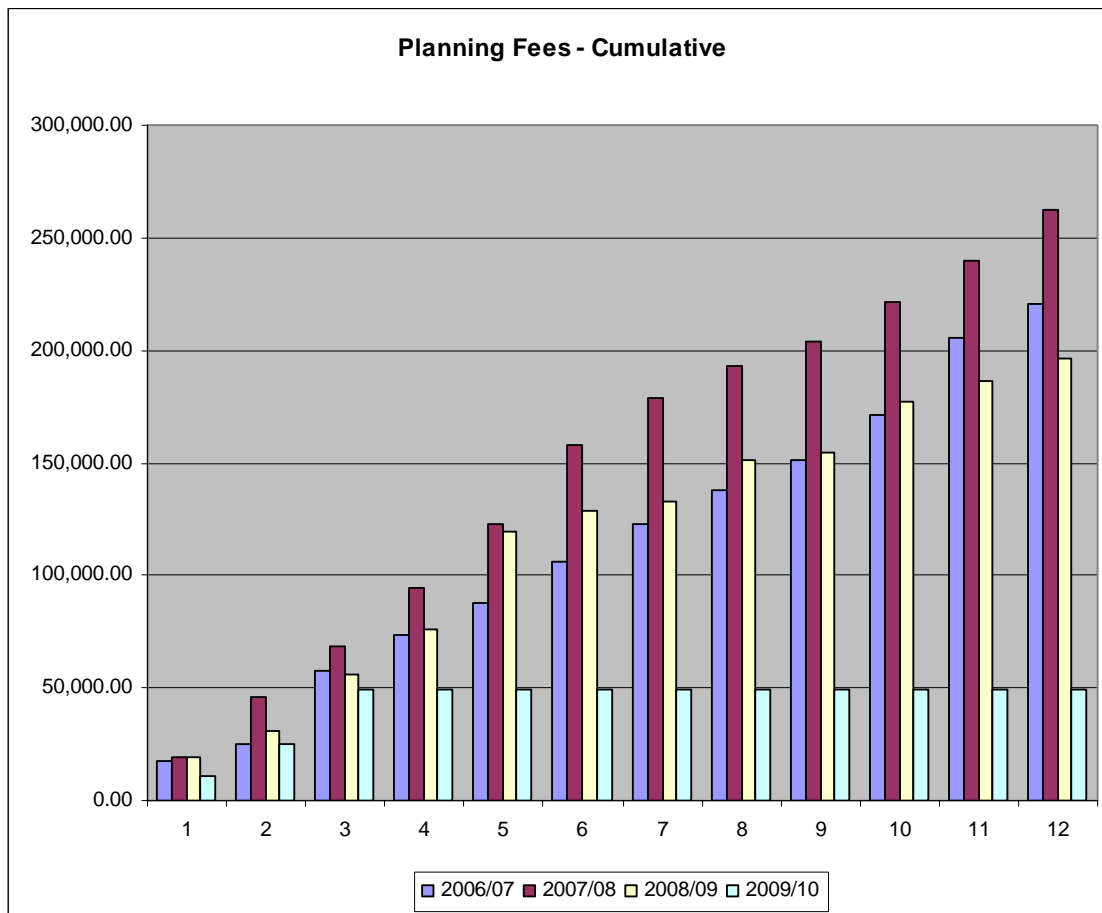
Year	2006/07	2007/08	2008/09	2009/10 To Date
Value £	51,193.03	55,811.98	43,303.41	51,679.84



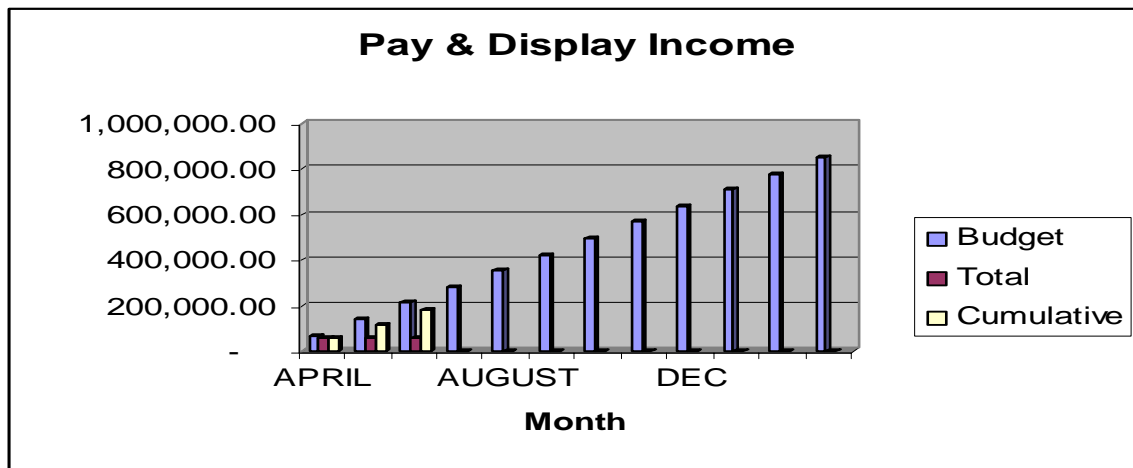
- 3.3 In Planning, income is down by £6,600 against the same period last year and £20,000 down on the same period in 2007/08, though it should be noted that income in 2007/08 was exceptionally high. Based on income to date, the projected income for 2009/10 is £186,000, which is £14,000 lower than the original estimate.

Planning Income

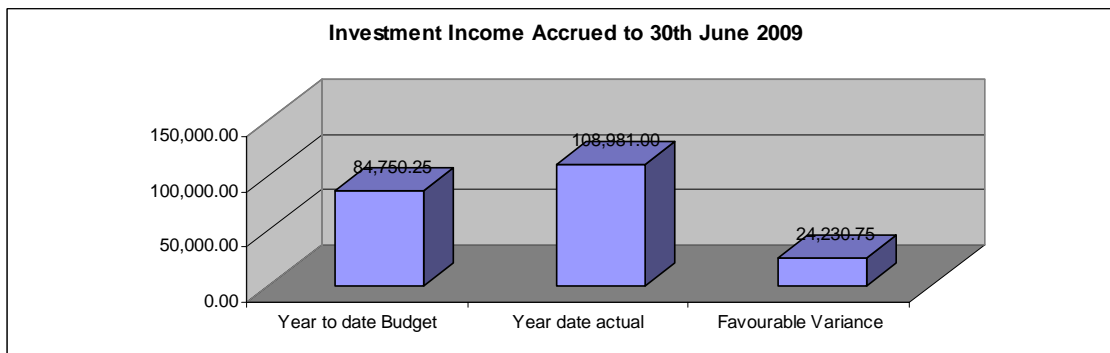
Year	2006/07	2007/08	2008/09	2009/10 To Date
Value £	57,747.50	68,525.00	55,599.20	48,998.60



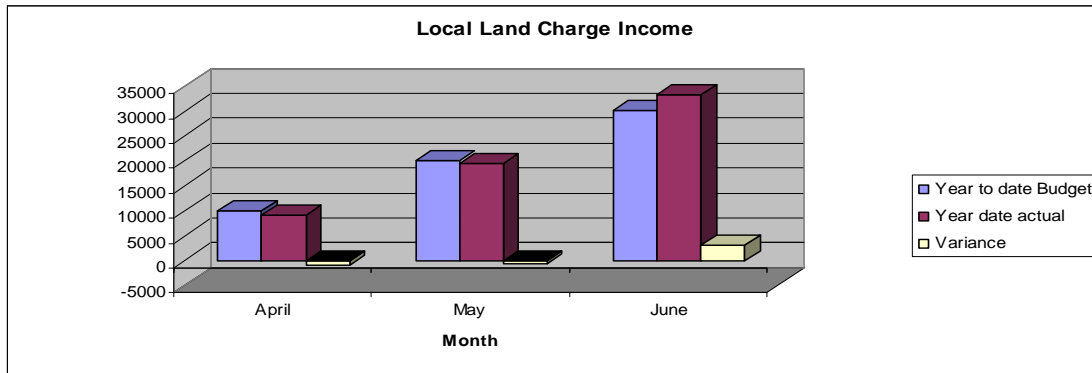
- 3.4 For Transportation, the graph below shows that income from Pay & Display machines is down on estimate to date by £31,000. When comparing actual ticket sales at the end of quarter 1 this year to 2008/09, there is a decrease in tickets sold of 10% from 234,954 to 210,777. Current projection is that income will be around £725,000 for 2009/10, compared to a budget of £850,000. This projection is subject to seasonal variation, with the peak ticket sales due later in the year.



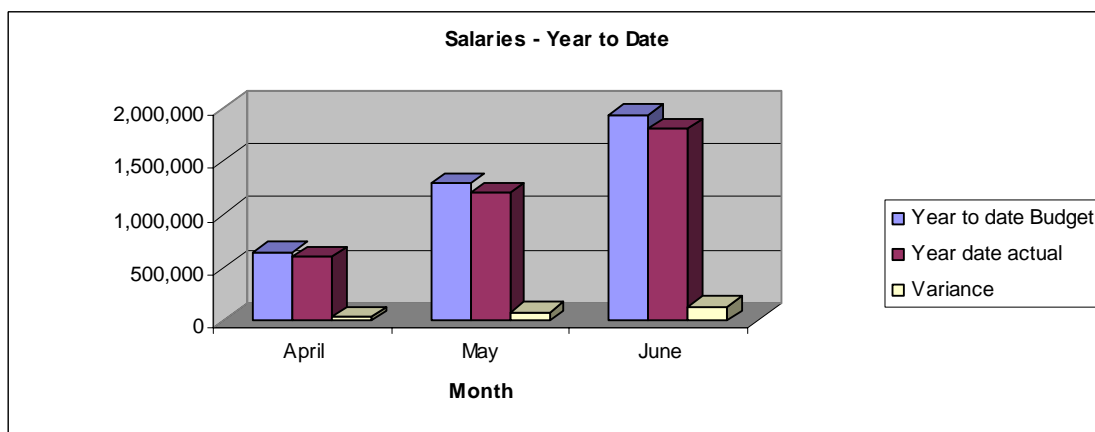
- 3.5 Income generated from Penalty charge notices for both On and Off street parking at the end of quarter 1 income was around £64,000. This is a favourable variance of £2,000 against year to date budget. Actual penalty notices issued were 1,855 compared to 1,897 this time last year.
- 3.6 In Finance, investment income is up against the year to date estimate by £24,231. This is mainly due to investments placed when rates were exceeding 6.00% that have yet to mature. We are expecting to generate £340,000 in investment income by the end of the year. This decrease is reflected in the recent falls in the base rate. At the beginning of October the rate was 5%, dropping steadily to 0.5% in March. Our treasury management advisors, Sector, predict that base rate will stay at 0.5% over the coming months, expecting a slight rise by quarter 3 of this year. Given the current uncertain economic climate, Officers are working closely with Sector to manage our investment portfolio in the safest way possible, whilst trying to maximise our investment returns.



- 3.7 The estimate for Land charge income is expected to meet original budget by the end of the year. The graph below shows income is £3,000 higher than the profiled budget, but is not expected to rise significantly against budget over the coming months.



- 3.8 Salary costs are showing savings against budget for quarter 1. The original budget has a 3% cost of living pay increase built into it which has not yet been applied, so savings of 3% should be seen across all salary budgets. On top of the 3% we are seeing additional savings of 4%, this being made up of vacant posts and turnover or staff on maternity leave. The graph below shows spend so date against year to date original budget, and the current saving achieved.



4 RISK IMPLICATIONS**4.1 Resource Risk**

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.

4.2 Operational Risk

Services may be affected if the budget is insufficient. Alternatively, a fall in income may indicate that the service is subject to downturn or pressures in the national economy.

4.3 Reputation Risk

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, and that there is effective financial management.

4.4 Regulatory Risk

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

5 RESOURCE IMPLICATIONS

5.1 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.

5.2 There has been a reduction in income streams against the original budgets, which have been revised down and reported to the Executive and Review Committee as part of the preparation of the Medium Term Financial Strategy.

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, Audit and Performance Management

Background Papers:-

None.

For further information please contact Matthew Petley on:-

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

FINANCIAL MANAGEMENT REPORT – AS AT END OF JUNE 2009

Service Area	Head of Service	2009/10 Original Budget	End of Year Forecast	Variance (Bracketed figures are favourable)	Comment
		£	£	£	
External Services Client Account	CD(ES)	150,600	141,730	(8,870)	
Internal Services Client Account	CD(IS)	157,100	149,555	(7,545)	
Chief Executive's Office	CEX	190,200	183,068	(7,132)	
Human Resources	CEX	327,700	270,267	(57,433)	£11,400 original budget set to cover costs for Diagnostic Health Solutions. Not needed now, will be removed when estimates are revised. Salary savings on top of the cost of living rise relating to staff turnover, vacancies and staff on maternity leave.
Corporate Management Account	CEX	233,800	232,283	(1,517)	
Emergency Planning & Health and Safety	CPPM	78,300	73,825	(4,475)	

CEX – Chief Executive

CPPM – Corporate Policy and Partnership Manager

HCS – Head of Community Services

HES – Head of Environmental Services

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CD(IS) – Corporate Director Internal Services

Service Area	Head of Service	2009/10 Original Budget	End of Year Forecast	Variance (Bracketed figures are favourable)	Comment
		£	£	£	
Corporate Policy & Partnership	CPPM	224,000	184,760	(39,240)	Salary savings include 1 vacant post from 9 th April 2009.
Environmental Initiatives	CPPM	15,300	15,300	-	
Economic Development	CPPM	428,200	418,930	(9,270)	
Community Safety	CPPM	117,300	108,750	(8,550)	
Council Tax	HCS	(103,400)	(107,039)	(3,639)	
Business Rates	HCS	(64,400)	(66,300)	(1,900)	
Council Tax Benefits	HCS	(45,500)	(179,209)	(133,709)	Subsidy payments are based on grant claims submitted at key points in the year. Current figures are based upon an original claim submitted in February.
Housing Benefit Payments	HCS	(206,800)	(181,947)	24,853	
Housing Benefit Admin	HCS	(340,300)	(336,143)	4,157	
Revenues Investigation Section	HCS	131,100	140,077	9,077	
Community Services Client Account	HCS	871,500	775,372	(96,128)	Salary savings include vacancies.
Culture & Heritage – Windmill	HCS	32,600	22,702	(9,898)	

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		£	£	£	
Leisure Premises	HCS	579,600	578,107	(1,493)	
Sports Development & Promotion	HCS	31,200	30,070	(1,130)	
Leisure Client Account	HCS	98,800	59,062	(39,738)	Salary Savings include vacancies.
Housing Strategy	HCS	145,600	139,720	(5,880)	
Private Sector Housing Renewal	HCS	261,000	253,349	(7,651)	
Homelessness	HCS	339,800	304,373	(35,427)	Contracted Accommodation currently shows a forecasted under spend of £30,360 against original budget of £140,000. The number of people declared as homeless is expected to rise, and therefore budget is expected to be met by the end of the year.
Woodlands	HES	189,700	188,223	(1,477)	
Maintenance of Grounds Holding Account	HES	795,600	792,758	(2,842)	

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		£	£	£	
Management of Recreation Grounds & Open Spaces	HES	67,500	61,816	(5,684)	
Environmental Health	HES	617,600	539,031	(78,569)	Salary savings include vacancies.
Licensing	HES	41,800	8,306	(33,494)	Salary savings include vacancies.
Public Health	HES	25,000	25,000	-	
Public Conveniences	HES	97,800	94,731	(3,069)	
Street Cleansing	HES	594,900	599,698	4,798	
Recycling Collection	HES	2,147,500	2,173,331	25,831	Less income generated for bulky and WEE collections. Budget will be monitored closely and revised downward accordingly.
Recycling Disposal	HES	(216,800)	(512,812)	(296,012)	This includes the latest recycling income figures from the County Council as per the inter authority agreement. Budgets will be revised accordingly.
Environmental Services Client Account	HES	354,100	351,184	(2,916)	

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		£	£	£	
Depot	HES	134,800	98,908	(35,992)	Salary savings include vacancies and one member of staff on maternity leave.
Coast Protection	HFAPM	2,100	2,100	-	
Financial Services	HFAPM	457,100	448,453	(8,647)	
Cashiers	HFAPM	50,700	49,100	(1,600)	
Audit & Performance Management	HFAPM	181,400	176,656	(4,744)	
Democratic Representation	HICS	737,100	704,140	(32,960)	Salary savings include vacancies.
Conducting Elections	HICS	58,500	66,869	8,369	Despite a spike in salary budgets in June that coincided with District and European elections, spend is likely to match budget in this service area by the end of 2009/10.
Registration of Electors	HICS	74,700	71,431	(3,269)	

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		£	£	£	
Telephones & Reception	HICS	187,600	168,788	(18,812)	A saving on office telephones of around £10,000 against original budget resulting from a change in service provider. Budget will be revised down accordingly.
Document Management Unit	HICS	472,800	444,619	(28,181)	Savings are currently forecasted in the Central stationery provision budget of £2,000, and the postage budgets of nearly £3,000.
Computer Services	HICS	1,369,700	1,367,619	(2,081)	
Office Accommodation Rochford	HICS	335,200	307,761	(27,439)	Currently a saving of around £20,000 on the electricity budget is forecasted for the year, this is due to being linked into an Essex wide contract. Budget will be revised down accordingly.
Office Accommodation Rayleigh	HICS	94,800	85,893	(8,907)	

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		£	£	£	
Local Land Charges	HLS	(54,000)	(55,804)	(1,804)	
Cemeteries & Churchyards - Open	HLS	(102,500)	(98,487)	4,013	
Cemeteries & Churchyards - Closed	HLS	13,600	14,715	1,115	
Property Services	HLS	195,500	151,167	(44,333)	Salary savings include vacancies.
Legal Services	HLS	318,200	297,184	(21,016)	Salary savings include vacancies.
Building Control Client Account	HPT	321,300	311,478	(9,822)	
Building Control Fee Account	HPT	(230,000)	(251,588)	(21,588)	As per detailed breakdown above, income from "First Inspection" of building work is higher than budget. Budget will be revised upwards if trend continues.
Planning Policy	HPT	274,100	265,178	(8,922)	
Development Control	HPT	353,000	330,804	(22,196)	
Planning Administration	HPT	99,300	95,466	(3,834)	

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		£	£	£	
Hackney Carriage	HPT	10,100	24,067	13,967	Current vehicle licensing income rates are lower than year to date budget by around £15,000. Budget will be monitored over the coming months to see if it needs revising down.
Highways/Roads Routine	HPT	(13,600)	(13,600)	-	
On Street Parking	HPT	(26,800)	(36,809)	(10,009)	Penalty charge notices income is slightly up against year to date budget.
Off Street Parking	HPT	(819,100)	(631,235)	187,865	As per paragraph in text above, income from pay & display machines is currently down against year to date original budget.

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