
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 second quarter of the year.

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 two 2007/08. The report includes the risks considered for each budget and a comparison of actual against original estimate as at the end of September 2007. Members should note that budgets are currently being reviewed and that revised budgets will be shown in the quarter three report once agreed by Full Council, for now original 2007/08 budgets are used.

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 investigated each month, 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 RISK IMPLICATIONS

Resource Risk

- 4.1 In year, changes to legislation and external funding. Regular monitoring of those budgets with the higher risk considerations will assist in controlling resource risk.

Operational Risk

- 4.2 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

- 4.3 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

- 4.4 The Authority has agreed a Risk Management Strategy, which encompasses the budget strategy.

5 MEMBERS' QUESTIONS

- 5.1 As the appendix to this report is detailed, it would be appreciated if Members would raise any questions prior to 7 November 2007. Contact details can be found at the end of this report. A summary of all queries and responses will be presented at the meeting.

6 RECOMMENDATION

- 6.1 It is proposed that the Executive Board **RESOLVES** to note the contents of this report.

Yvonne Woodward

Head of Finance, Audit and Performance Management

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.

BUDGET STRATEGY MONITORING STATEMENT – AS AT END OF SEPTEMBER 2007

Item	Risk Consideration	Lead (See Key)	Original Estimate 2007/2008		Actual		Variance to year to date original		Comment
				Year to Date Original Estimate	£	As % of original estimate 2007/2008	Brackets = adverse No brackets = good		
							£	%	
Bus Passes	Demand Led.	HP&T	520,000	260,000	262,180	50%	(2,180)	1%	The scheme went County wide in April 2007. Within budget. Uncertainties over demand as changes are made to the scheme. We are also reliant on 3 rd party to provide estimates and calculate costs.
Taxi Voucher Scheme	Demand Led.	HP&T	106,000	53,000	55,056	52%	(2,056)	4%	Demand remains constant.
Taxi Licensing Income	Demand Led.	HP&T	(80,200)	(40,100)	(37,495)	47%	(2,605)	-6%	Renewing of licenses is seasonal, so although not quite in line with the year to date estimate, it is still anticipated that income will be on target.
Local Land charges Fee Income	Demand Led. Affected by property market.	HLS	(245,000)	(122,500)	(138,609)	57%	16,109	13%	Income is currently above target. This is line with Quarter 2 2006/07. Department not expecting spend to exceed budget by end of year.

Key: Lead Officer

HCS - Head of Community Services
 HLS - Head of Legal Services
 HAMS - Head of Admin & Member Services
 PMHM - Property Maintenance and Highways Manager
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HRM – Human Resources Manager
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Cemetery Income	Demand Led.	HLS	(90,000)	(45,000)	(57,039)	63%	12,039	27%	It is difficult to forecast the demand for monuments and interments. Revised estimates will be updated in light of current income.
Parking Fees Income	Variable Budget	HP&T	(806,500)	(403,250)	(376,762)	47%	(26,488)	-7%	Seasonal budget. Impact of July Season Ticket price rise will not take effect until quarter 3.
Permits / Season Tickets Income	Variable Budget	HP&T	(191,000)	(95,500)	(96,135)	50%	635	1%	Variable budget, on target. Risk is that to high a rise in ticket prices may put public off buying a ticket.
Penalty Charge Notices - Off St	Demand Led.	HP&T	(70,000)	(35,000)	(45,873)	66%	10,873	31%	Revised estimates will be updated in light of up to date information on

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Penalty Charge Notices – On St.	Demand Led.	HP&T	(70,000)	(35,000)	(67,660)	97%	32,660	93%	income. Performance results show an increase from 1759 issued up to Q2 2006/07 to 4093 up to Q2 2007/08. This is mainly due to the department being fully staffed in 2007/08. Risk is that department could loose staff again.
Planning Fees Income	Demand Led.	HP&T	(280,000)	(140,000)	(157,865)	56%	17,865	13%	Income higher due to a buoyant market, however these factors could change.
Building Control income	Demand Led.	HP&T	(226,000)	(113,000)	(158,499)	70%	45,499	40%	No action, demand led. Will be revised up if current levels continue.

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Contracted Temporary Accommodation including recharge.	Demand Led.	HCS	62,000	31,000	8,231	13%	22,769	-73%	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 5 single parent households and 3 families.
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	(14,264,600)	(7,132,200)	(7,834,182)	55%	701,892	10%	Subsidy payments are based on grant claims submitted at key points in the financial year. Case numbers constantly vary so actual at year end will vary slightly from budget.
Rent Allowances	Variable budgets - impact on the net revenue budget is reduced by	HCS	7,017,200	3,508,600	3,608,703	51%	(100,108)	3%	Demand led depending on number of claimants. Net impact on the overall budget is reduced by matching government subsidy

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Council Tax Rebates	Government Subsidy.	HCS	4,120,300	4,120,300	4,173,222	101%	(52,922)	1%	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.
Salaries	Members agree staffing structure. No control over other costs like National Insurance Contributions. Original estimate includes salary savings.	HFAPM	7,732,900	3,866,450	3,484,365	45%	382,085	-10%	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. If there were a 2.5% rise then variance year to date would drop to £294,976. Additionally there are a number of vacancies.

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Staff Advertising	Variable budget related to number of vacancies and difficulty in recruitment	HRM	70,000	35,000	45,561	65%	(10,561)	30%	Demand led budget related to vacancies. As vacancies have been higher than anticipated, advertising costs are higher reflecting this.
Net External Finance Income	Main item is investment. The list of approved parties follows advice from consultants.	HFAPM	(550,000)	(275,000)	(375,538)	68%	100,358	37%	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. Main risk areas surround timings of investments and fluctuations in interest rates.

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IT Upgrades/ Developments	Based on agreed IT Strategy.	HICS	88,500	44,250	20,563	23%	23,687	-54%	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.
Recycling Credits & Sales Income	Variable Budget	HES	(293,800)	(146,900)	(78,150)	27%	(68,750)	-47%	This income is received from Essex County Council based on tonnage and is therefore paid in arrears. Totals of waste recycled for this period are 1408 tonnes compared to 1228 tonnes for quarter 2 2006/07.

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