

Report to the Finance & Performance Management Scrutiny Panel

Report reference:

Date of meeting: 20 September 2011

Portfolio: Finance & Economic Development

Subject: Quarterly Financial Monitoring

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SCRUTINY

 **Epping Forest District Council**

Recommendations/Decisions Required:

That the Panel note the revenue and capital financial monitoring report for the first quarter of 2011/12;

Executive Summary

The report provides a comparison between the original estimate for the period ended 30 June 2011 and the actual expenditure or income as applicable.

Reasons for proposed decision

To note the first quarter financial monitoring report for 2011/12.

Other options for action

No other options available.

Report:

1. The Committee has within its terms of reference to consider financial monitoring reports on key areas of income and expenditure. This is the first quarterly report for 2011/12 and covers the period from 1 April 2011 to 30 June 2011. The reports are presented based on which directorate is responsible for delivering the services to which the budgets relate.
2. Salaries monitoring data is presented as well as it represents a large proportion of the authorities expenditure and is an area where historically large under spends have been seen.

Revenue Budgets (Annex 1 – 9)

3. Comments are provided on the monitoring schedules but a few points are highlighted here as they are of particular significance. The salaries schedule (Annex 1) shows an underspend of £195,000 or 3.9%. This compares to 1.8% at this time last year.
4. The schedule does highlight a couple of areas where vacancies have and are occurring for specific reasons. Within Building Control posts have been held vacant so that resources can be matched more closely with workload and the works unit are continuing to undergo a rationalisation process. Once these are excluded the underspend amounts to £93,000 or 2.1% the comparative figure in 2010/11 being 0.4% the main reason for this increase undoubtedly relates to vacancies that have arisen whilst the recruitment freeze is in place.

5. Investment interest levels in 2011/12 are slightly above expectation at quarter1, this is due to additional cash being available for investing. There were underspends on both Revenue and Capital Budgets last year and expenditure in the first quarter of the financial year is generally the lowest quarter. Having said that interest rates achieved on investments show little sign of improvement and this increase in income may not be sustained.

6. The Council had received a little over £1.414m (56.6%) of the original £2.5m investment placed with Heritable Bank as at 30 June 2011, however a further payment in July has brought this figure up to £1.517m (60.7%). Subsequently a letter has been received from the administrators suggesting that the Council can now expect to recover between 86 and 90% of the original investment. Previously the council had been notified to expect 85% back and the remaining 15% was charged to the DDF in 2010/11. Any reimbursement received in excess of the 85% will be credited back to the DDF when it is received.

7. Building Control Income is generally on track when compared to the budget and is slightly up on the previous year. The ring fenced account is looking quite healthy and looks likely to return a surplus at the moment.

8. Development Control income at Month 3 is £53,000 above expectations, there have been some significant fees relating to glasshouses in the first quarter so this increase whilst welcome may not be indicative of future periods. The income estimate for 2011/12 will be reassessed during the 2012/13 budget process to see whether there is scope for increasing this.

9. Hackney Carriage licensing income is slightly above expectations and in line with last years actual to date. Other licensing income is in line with expectations. Given that last years final position exceeded expectations for all forms of licensing there is nothing to suggest that the budgets will not be achieved.

10. Income from MOT's carried out by Fleet Operations is ahead of expectations. A recent report to Cabinet regarding the installation of an additional ramp to increase capacity has been agreed though the exact timing of this is uncertain. Once installed the additional income from MOT's should fairly quickly exceed the capital outlay.

11. Introduction of the Local Land Charges (Amendment) Rules 2010, has lead to a reduction in income levels compared to previous years and there is currently legal action regarding the ability to charge for certain types of land charge search. Having said that income has been slightly better than expected.

12. The Housing Repairs Fund shows an underspend of £336,000. However a larger than average proportion of the expenditure is seasonal falling in the winter months. The final position is expected to be more or less in line with the budgeted figures.

13. Payments to the Waste Management contractor have been in line with expectations and variances are minimal.

14. It is too early in the financial year to be certain, however generally income levels are holding up well and the Building Control account is looking more healthy than for a number of years. The budgets will be revisited over the next few months and where appropriate be revised in line with expectations.

Capital Budgets (Annex 10 - 16)

15. Tables for capital expenditure monitoring purposes (annex 10 -16) are included for the three months to 30 June. There is a brief commentary on each item highlighting the scheme progress.

16. The full year budget for comparison purposes is the updated budget that is within the recently approved Capital Strategy.

Major Capital Schemes

17. The Limes Farm Hall Development started at the end of the previous financial year and there is a table and related commentary at annex 17.

Conclusion

18. Generally income and expenditure so far is broadly in line or better than expected. It is a little early to draw any firm conclusions from this other than to note that this is the case.

19. The panel is asked to note the position on both revenue and capital budgets as at Month 3.

Consultations Undertaken

This report has been circulated to Portfolio-holders. An oral update will be provided to cover any additional comments or information received from Portfolio-holders.

Resource Implications

There is no evidence at this stage to suggest that the budget set will not be met, however the economic climate is somewhat volatile and it is difficult to predict what is going to happen in the short to medium term let alone the longer term.

Legal and Governance Implications

Reporting on variances between budgets and actual spend is recognised as good practice and is a key element of the Council's Governance Framework.

Safer, Cleaner, Greener Implications

The Council's budgets contain spending in relation to this initiative.

Background Papers

Various budget variance working papers held in Accountancy.

Impact Assessments

Risk Management

These reports are a key part in managing the financial risks faced by the Council. In the current climate the level of risk is increasing. Prompt reporting and the subsequent preparation of action plans in Cabinet reports should help mitigate these risks.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?	No
Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?	No

What equality implications were identified through the Equality Impact Assessment process?
None

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A