

Committee: Resources
Date: 20 November 2003
Agenda Item No: 20
Title: General Fund Budget Monitoring
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Summary

- 1 This report provides a summary of budget variations on the General Fund for the current financial year, as at 31st October 2003. It provides brief details on significant variations and any remedial action being taken to control the variations.

Background

- 2 Budget monitoring and control is a key factor in good financial management and provides a basis for informed decision making by officers and Members regarding effective and flexible service delivery. The Council has a good record in controlling budgets during the year, with very few significant variations at the end of financial years which were not already known about and planned for.
- 3 The new Financial Management System, due for implementation during 2004/05 will allow further improvements to our approach to budget monitoring and control, and will provide managers with clearer information to enable them to take action to prevent budget variations occurring.
- 4 Budgetary monitoring and control is a key factor in the Comprehensive Performance Review process and the Council's approach to it will be looked at in detail.

2003/04 Budget Monitoring

- 5 During this committee cycle, each Committee has received information on its budget variations for the current financial year. Details are provided in Appendices 1-5.
- 6 The summarised position, at Direct Cost level is as follows:

	2002/03 ACTUAL £	2003/04 BUDGET £	2003/04 REVISED £
Base Service Budget Summary			
Resources	3,908,666	4,346,500	4,649,750
Environment & Transport	1,848,683	1,829,750	2,144,550
Dev't Control & Licensing	434,553	409,010	289,680
Health & Housing	744,022	726,930	743,950
Community & Leisure	725,840	1,185,083	1,224,640
Service Budget Total	7,661,764	8,497,273	9,052,570

- 7 Whilst the total variation appears high at £555,297, much of this sum (£254,940) relates to planned variations in the approved use of earmarked reserves. This leaves the real variation at £300,357, approximately 3.5% of the net original budget, and approximately 1% of the gross General Fund budget.

IT IS RECOMMENDED THAT

- 1)the contents of this report are noted
- 2)Regular Budget Monitoring reports are submitted to the appropriate Committee
- 3)Regular overall General Fund Budget Monitoring reports are submitted to the Resources Committee

Background Papers

Budget Monitoring Reports and Budget Working Papers

Resources

	£	£	£
BASE ESTIMATE 2003/2004			3,194,830
<u>Add</u> Internal Charges			<u>1,151,670</u>
BASE DIRECT COSTS			4,346,500
Transferred from Development Control Committee:- Photocopier Rental			4,500
Adjusted Base Direct Costs			4,351,000
Previously Reported Variations			
<u>Changed pattern in use of Reserves</u>			
District Plan Enquiry			-44,000
<u>Use of Earmarked Reserves:-</u>			
<u>Plus</u> Community Strategy	12,410		
<u>Plus</u> Case Management System	10,000		
<u>Plus</u> Interim Director	80,000		
<u>Plus</u> Consultants –Risk Management	9,800		
<u>Plus</u> Consultants – Job Evaluation	<u>12,000</u>		124,210
<u>Other</u>			
<u>Plus</u> Water Rates – arising from leak	27,000		
<u>Plus</u> Communications and PR Officer	13,410		
<u>Plus</u> Reprographics Contract	<u>10,000</u>		
			50,410
Variations funded from Reserves			
<u>Plus</u> Benefits Cost Risk Management (<i>note 1</i>)	55,000		
<u>Plus</u> Verification Framework (<i>note 2</i>)	<u>14,180</u>		69,180
Other Variations - Expenditure:-			
<u>Plus</u> Audit Fees (<i>note 3</i>)	64,270		
<u>Plus</u> Insurance Premiums	13,980		
<u>Plus</u> Premises Costs (net)	4,420		
<u>Plus</u> WBS 2003-04 Est. Ovrstated (<i>note 4</i>)	13,230		
<u>Plus</u> Council Tax Benefits (<i>note 5</i>)	14,500		
<u>Plus</u> Other (net)	<u>-450</u>	109,950	
Other Variations - Income			
<u>Less</u> Fee Income – Legal Services	-15000		
<u>Plus</u> Fee Income – Land Charges	<u>4000</u>	<u>-11,000</u>	98,950
Total Variation from Adjusted Base			298,750
Revised Estimate 2003/2004 – Direct Costs			4,649,750

Notes on the key variations:

1. Benefits Cost Risk Management

Volatile demand, the introduction of Tax and Pension Credits and changed legislative requirements for the homeless make it increasingly difficult to predict benefit paid to claimants and subsidy receivable. At the close of the 2002-03 accounts an earmarked reserve was created to accommodate possible increases in the cost of Housing Benefits. Using £55,000 of this reserve in 2003-04 leaves £15,000 for future use. Consideration should be given to earmarking a further sum to meet increases that may be experienced in the future.

2. Verification Framework

In order to meet the higher costs of operating the VF in its first year 2003-04, an element of Weekly Incorrect Benefit Savings (WIBS) income received in 2002-03 was put into an earmarked reserve. The use of this reserve is reflected in the 2003-04 Revised Estimate.

3. Audit Fees

The Council has been advised by the Audit Commission of a change in the pattern of their charges leading to increased costs in 2003-04. This is one off adjustment and the charges revert to a normal level in 2004-05.

4. Weekly Incorrect Benefit Savings (WIBS) Income

Recent notification from the Department for Work and Pensions (DWP) indicate that the level of subsidy will be at a lower level than expected.

5. Council Tax Benefits

Whilst the proportional relationship between benefit paid and reclaimed is expected to be at the level experienced in 2002-03, this has led to an increase in the absolute difference. This is largely due to the increase in overall Council Tax bills experienced in 2003-04.

Environment and Transport

	£	£	£
BASE ESTIMATE 2003/2004			2,767,970
<u>Less</u> Internal Charges			<u>938,220</u>
BASE DIRECT COSTS			1,829,750
Transferred to Community and Leisure Committee:- Bridge End Gardens Project Manager (part year)			-34,110
Transferred from Development Control and Licensing Committee:- Planning Services Staffing Restructure net (part year)			<u>13,940</u>
Adjusted Base Direct Costs			1,809,580
Changed Pattern in use of Earmarked Reserves:			
<u>Less</u> District Plan		-24,190	
<u>Less</u> RPG 14		<u>-20,000</u>	-44,190
Use of Earmarked Reserves:			
<u>Plus</u> Community Transport – Replacement Vehicle		12,000	
<u>Plus</u> Dilapidations work at Industrial Estate (note 1)		<u>80,000</u>	92,000
Other Variations – Expenditure			
<u>Plus</u> Legal Fees (note 2)	100,000		
<u>Plus</u> Recycling trial (net) (note 3)	65,000		
<u>Plus</u> Contract Growth (note 4)	18,300		
<u>Plus</u> Disposal Charges (note 5)	12,800		
<u>Plus</u> Other (net)	<u>4,400</u>	200,500	
Other Variations - Income			
<u>Plus</u> Industrial Estate Shortfall (net) (note 6)	68,610		
<u>Plus</u> Large Containers (note 7)	30,000		
<u>Plus</u> Septic Tanks (note 8)	8,200		
<u>Plus</u> Car Parking – overstated budget	4,000		
<u>Plus</u> Trade Refuse – overstated budget	4,000		
<u>Less</u> Recycling (note 9)	-21,000		
<u>Less</u> Building Control Fee Income (net) (note 10)	<u>-7,150</u>	<u>86,660</u>	287,160
Total Variation from Adjusted Base			<u>334,970</u>
			2,144,550
Revised Estimate 2003/04 – Direct Costs			

Notes on the key variations:

1. Dilapidations Work at Industrial Estate

This refers to the full use made of the Earmarked Reserve set aside to meet the additional cost of dilapidation work at Golds Nurseries in 2003/2004. (Minute RE5 refers). This work is now almost complete. The work covers the Council's legal liabilities and is not directly associated with marketing the units, although it may help.

2. Contingency Sum

This relates to a legal issue to be discussed as a Part Two item on this agenda.

3. Recycling Trial

See report elsewhere on this agenda.

4. Contract Growth

The Recycling Kerbside Collection contract has been renegotiated with the DSO to meet the actual costs of the service. The recycling contract has also risen due to the collection of kitchen waste and the recycling banks being emptied more frequently.

5. Disposal Charges

This is mainly due to the Materials Recycling Facility (MRF) increasing the processing charges.

6. Industrial Estate Shortfall

This reflects a projected loss of income through vacant units, based on the current number of occupied units, adjusted for achieving only one further letting in 2003/2004, taking total occupancy to seven units out of eighteen this year.

7. Large Containers

Demand for this service is very unpredictable and recently some customers have moved out of the district. Also there is an increase in the amount of waste being recycled by some companies.

8. Septic Tanks

The revised estimate reflects a lower income. The demand for tanks to be emptied has reduced this year due to the exceptionally dry summer.

9. Recycling

This is due to an increase in the amount of household waste that is being recycled and the increased value of recycling credits from Essex County Council.

10. Building Control Fee Income

The revised estimate has been re-based in line with current trends and projections. The income is shown net of any additional costs incurred to achieve this increased level.

Development Control and Licensing

	£	£	£
BASE ESTIMATE 2003/2004			587,600
<u>Less</u> Internal Charges			<u>178,590</u>
BASE DIRECT COSTS			409,010
Transferred to Environment and Transport Committee:- Planning Services Staffing Restructure (Part year)			-13,940
Transferred to Resources Committee:- Photocopier Rental			<u>-4,500</u>
Adjusted Base Direct Costs			390,570
	Committee Approved Variations <i>(Minute DCL45 refers)</i>		
<u>Less</u>	Licensing (net)	-5,600	
	Planning Delivery Grant:- (note 1)		
	Expenditure		
<u>Plus</u>	Staffing	49,900	
<u>Plus</u>	Agency Staff	32,900	
<u>Plus</u>	Consultants	120,000	
<u>Plus</u>	IT Equipment	10,000	
<u>Plus</u>	Training	<u>11,200</u>	
		224,000	
	Income		
<u>Less</u>	ODPM Grant	<u>-224,000</u>	0
	Other Variations – Expenditure		
<u>Less</u>	Staffing Cost Variations (net) (note 2)	-78,660	
<u>Plus</u>	Advertising (note 3)	25,500	
<u>Plus</u>	Furniture funded from Central Budget	2,950	
<u>Plus</u>	Equipment	1,000	
<u>Plus</u>	Other (net)	1,820	
	Other Variations - Income		
<u>Less</u>	Development Control (note 4)	-47,900	
Total Variation			<u>-100,890</u>
			289,680
Revised Estimate 2003/04 – Direct Costs			

Notes on the key variations:

1. Planning Delivery Grant

The revised estimate has been updated to show the intended use of the Delivery Grant following the meeting of Resources Committee on 26 June 2003. It has also been further updated by the Head of Planning and Building Surveying to reflect additional future spending to be approved by this Committee. The balance of the grant (£22,261) will be transferred to an earmarked reserve subject to further decisions.

2. Staffing Cost Variations

This includes the savings made from the restructuring of Planning Services and overstated original budgets relating to the transfer of staff from the Dunmow Offices.

3. Advertising

The cost of advertising has risen due to the increase in the number of planning applications. This additional cost is offset by the increase in Development Control fee income.

4. Development Control Income

This has risen due to an increase in the number of planning applications submitted.

Health and Housing

	£	£	£
BASE ESTIMATE 2003/2004			1,031,930
<u>Less</u> Internal Charges			<u>305,000</u>
BASE DIRECT COSTS			726,930
<u>Plus</u> Funding from Earmarked Reserves to meet the additional cost of Homelessness accommodation in 2003/2004			16,500
Adjusted Base Direct Costs			743,430
Committee Approved Variations:-			
<u>Plus</u> Housing Support Officer (Homelessness) (Minute RE29 refers)		13,110	
<u>Less</u> Government Homelessness Grant Programme		-20,000	
Other Variations – Expenditure			
<u>Less</u> Staffing Cost Variations (net)	-1,930		
<u>Plus</u> Public Convenience Repairs (note 1)	3,320		
<u>Plus</u> Air & Noise Monitoring Equipment (note 2)	1,570		
<u>Less</u> Revised Administrative Arrangements for Supporting People (net)	-640		
<u>Plus</u> Other (net)	90	2,410	
Other Variations - Income			
<u>Plus</u> Pest Control Charges - reduced income (note 3)		5,000	
Total Variation			<u>520</u>
			743,950

Revised Estimate 2003/04 – Direct Costs

Notes on the key variations:

1. Public Convenience Repairs

This relates to repairing a public convenience due to vandalism.

2. Air and Noise Monitoring Equipment

The Capital Programme provided for such equipment to be purchased, and the revenue budget for rental of the equipment was therefore deleted. However, the

existing equipment was considered worthy of purchase at the end of the rental period, and the sum involved now needs to come from a revenue budget as it is below the Council's de minimis level for use of capital resources.

3. Pest Control Income

This is a demand led budget, dependent on seasonal occurrences of pests. Experience of wasps in the summer was reduced from the experience of previous years, and the budgeted income requires reduction to reflect this.

Community and Leisure

	£	£	£
BASE ESTIMATE 2003/2004			1,547,813
<u>Less</u> Internal Charges			<u>362,730</u>
BASE DIRECT COSTS			1,185,083
Transferred from Environment and Transport Committee:- Bridge End Gardens Project Manager (part year)			34,110
Adjusted Base Direct Costs			<u>1,219,193</u>
Use of Earmarked Reserves:-			
<u>Plus</u> Youth Initiatives residual reserve use		7,320	
Other Variations:-			
<u>Less</u> Staffing Costs (net)	-1,100		
<u>Less</u> Other (net)	<u>-773</u>	<u>-1,873</u>	
Total Variation from Adjusted Base			<u>5,447</u>
Revised Estimate 2003/2004 – Direct Costs			<u>1,224,640</u>

Notes on the key variations:

1. The use of earmarked reserves relates to the final payment made to the Essex Association of Boys' Clubs towards the "Kayaking for All" project.