

Report to the Finance & Performance Management Cabinet Committee



**Epping Forest
District Council**

Report reference: FPM-026-2012/13

Date of meeting: 21 March 2013

Portfolio: Finance & Technology

Subject: Quarterly Financial Monitoring – October to December 2012.

Responsible Officer: Peter Maddock (01992 564602)

Democratic Services: Gary Woodhall (01992 564246)

Recommendations/Decisions Required:

(1) That the Cabinet Committee notes the revenue and capital financial monitoring report for the third quarter of 2012/13.

Executive Summary

The report provides a comparison between the Revised Estimates for the period ended 31 December 2012 and the actual expenditure or income as applicable.

Reasons for proposed decision

To note the third quarter financial monitoring report for 2012/13.

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 third quarterly report for 2012/13 and covers the period from 1 April 2012 to 31 December 2012. 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 £112,000 or 0.8%. This is similar to 2011/12 which was £110,000 or 0.8%.

4. The largest variances show underspends of 1.8% within Housing Services and Building Control. The variance within Housing is £72,000 primarily the Works Unit. The variance within Building Control is minimal in monetary terms.

5. Investment interest levels in 2012/13 are in line with expectations at quarter 3, and significantly below the prior year. There is no obvious sign of rates improving even in the longer term at the moment. Investment returns in the prior year were higher as there were

still some longer term deals maturing at better rates than those available now.

6. The Council had received £1.872m of the original £2.5m investment placed with Heritable Bank as at 30 December 2012, this now brings the recovery up to 74.5%. A further payment of £68,000 was made in January bringing this figure to £1.940m (77.6%). Indications are that the Council can still expect to recover between 86 and 90% of the original investment. The final payment is not due to be received until April 2013.

7. Development Control income at Month 9 is £6,000 above the updated position. The original budget was adjusted downwards by £42,000 however December and January were reasonably good months and the outturn now looks likely to fall between the Original Estimate and Probable Outturn figures.

8. Building Control income is £4,000 higher than the Probable Outturn figure though this is a significant reduction on the Original Position and income in November and December was particularly low. However January was rather better and although a deficit on the account for the year now looks a distinct possibility there is an accumulated surplus from previous years to set against this.

9. Both Hackney Carriage and other licensing is ahead of the revised expectations, the budgets were adjusted upwards slightly and these income levels look likely to be met.

10. Income from MOT's is in line with the probable outturn though this was reduced by £20,000 to £240,000. The operation is still expected to return a surplus for the General Fund albeit much reduced compared to previous years and probably around the revised position of £11,000.

11. Local Land Charge income is in line with the revised expectation, which is £20,000 higher at £190,000. This level should be met. There is though still significant uncertainty surrounding the future for charging for these services which may or may not be resolved during the financial year.

12. Most income relating to the Industrial Estates and Business Premises for 2012/13 has now been invoiced as rent is generally due in advance. Indeed both areas show income marginally higher than the full year budget.

13. The Housing Repairs Fund shows an underspend of £185,000. Due to seasonal factors this underspend is expected to reduce as the final quarter progresses.

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

15. The budgets have been revisited and a number of budgets adjusted in line with expectations. Having said that the Probable Outturn assumes a small usage of the General Fund balance (£44,000) and based on current indications the outturn will probably now be a bit better than this.

Capital Budgets (Annex 10 - 16)

16. Tables for capital expenditure monitoring purposes (annex 10 -16) are included for the nine months to 31 December. There is a brief commentary on each item highlighting the scheme progress.

17. The full year budget for comparison purposes is the latest agreed position.

Major Capital Schemes

18. The Limes Farm Hall Development has been completed sometime but the final account is still to be determined, there is a table and related commentary at annex 17.

Conclusion

19. Generally income is down on expectations but expenditure is too. Overall at this time it appears unlikely that there will be a significant variance on the estimated usage of reserves for the year.

20. The Committee is asked to note the position on both revenue and capital budgets as at Month 9.

Resource Implications:

The Probable Outturn assumes that around £44,000 will be taken from the General Fund Balance which at 1 April 2012 stood at £9.201m. If this was the final position the balance would be £9.157m at 31 March 2013.

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.

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.

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