

FINANCE DIGEST

Revenue Financial Monitoring at

Period 7

(October 2012)

Prepared By : Finance Shared Services

Date : 21st November 2012

Foreword

The monthly Finance Digest is a key tool for raising awareness of financial issues throughout the Council at both member and officer level.

If you have any comments or queries on its contents and presentation, or a suggestion for an item to be included, please contact Nigel Pollard (Finance Manager) on ext 7198 or Gilbert Mills (Senior Accountant) on ext 7437.

The Finance Digest brings together the key indicators that describe Watford's financial health. It provides a regular update on the progress of spend against Council budgets including performance within a number of discrete areas. Variances to budgets are reported and shown in the forecast outturn for 2012/13. These variances are loaded on to the Council's financial management system.

Part 1 - Budget Monitoring

The digest reflects the Council's latest forecast of its financial position for the year, assessing expected spend against the agreed budget and split into service area. It also includes information on key risks and volatile budgets (I.E. income streams subject to economic conditions) including any action taken to mitigate their impact. Revenue spend is forecast monthly whereas capital updates are provided on a quarterly basis.

Part 2 - Performance Indicators

This section provides up to date performance data regarding various service areas of the Council including both front line services and support services.

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Part 1 - Budget Monitoring

1 - General Fund Revenue

- 1.1 This report provides an update, in summary form, of the latest position as at 31st October 2012 (period 7) on the Council's budget for the current financial year.
- 1.2 The 2012/13 original net general fund budget requirement was £14,897k.

The 2012/13 forecast outturn for net expenditure at the end of period 7 is predicted to be £15,270k. The net increase of (£373k) is funded via reserves as follows :-

| Table of Reserve Movements | | | |
|--|------------------|--------------|--------------|
| @ Period 6 £k | This Month £k | Total £k | |
| * Use of Invest To Save Reserve (Yr 2 funding for the post of 'Resilience Officer') | (38) | 0 | (38) |
| * Use of Invest To Save Reserve (consultancy costs relating to possible outsourcing) | 0 | (94) | (94) |
| * Use of LABGI Reserve (funding contribution towards 'Imagine Watford') | (20) | 0 | (20) |
| * Use of Housing & Planning Delivery Grant Reserve (funding USEA affiliation) | (35) | 0 | (35) |
| * Anticipated movement on Economic Impact Reserve (see table on page 4) | (166) | (20) | (186) |
| Sum of in year total reserve movements up to period 7 | (259) | (114) | (373) |

Note () illustrate a decrease in reserve balances

Invest to Save Reserve (£132k)

The Mayor approved the funding of a two year appointment for a Resilience Officer post (circa £38k per annum), employed by the CVS, who will have responsibility for supporting voluntary sector organisations to become sustainable in the future and less reliant on the council as a source of funding. 2012/13 is the second year of this appointment.

The Council is using V4 Services Ltd to assist with the exercise of market testing for frontline services connected with Waste, Street Cleansing and Parks & Open Spaces. Earmarked funding from the 'Invest to Save' reserve in 2012/13 has totalled (£94k).

Local Authority Business Growth Incentive (LABGI) Reserve (£20k)

This reserve was utilised to develop opportunities and promote Watford by working with partners including the private sector and Watford Palace Theatre on the 'Imagine Watford' festival that took place in June 2012.

Housing & Planning Delivery Grant Reserve (£35k)

This reserve has been used to fund Watford's shareholder investment in the USEA 'green deal' approved by Cabinet on 17th September 2012.

Anticipated Movement on Economic Impact Reserve (£186k)

This balance of (£186k) is the unplanned forecast overspend for 2012/13 and comprises the following major variations :-

| Forecast variations affecting Economic Impact Reserve | Service Area | @ Period 6 £k | This Month £k | Total £k |
|--|--------------|------------------|------------------|--------------|
| As reported in previous Finance Digest | | (166) | 0 | (166) |
| WBC hostels fully occupied generating additional income | Community | 0 | 24 | 24 |
| Net cost of bed & breakfast has fallen | Community | 0 | 60 | 60 |
| Additional net income from kerbside recycling | Env'mental | 0 | 18 | 18 |
| Reduced net income from trade waste | Env'mental | 0 | (10) | (10) |
| Income from property portfolio has fallen mainly due to vacancy levels | Legal & Prop | 0 | (135) | (135) |
| Other net variations | | 0 | 23 | 23 |
| Total | | (166) | (20) | (186) |

1.3 Reserve activity in 2012/13 has been illustrated graphically to reflect the audited year end carried forward balance on these reserves as at 31st March 2012 including the table of reserve movements as shown on page 3

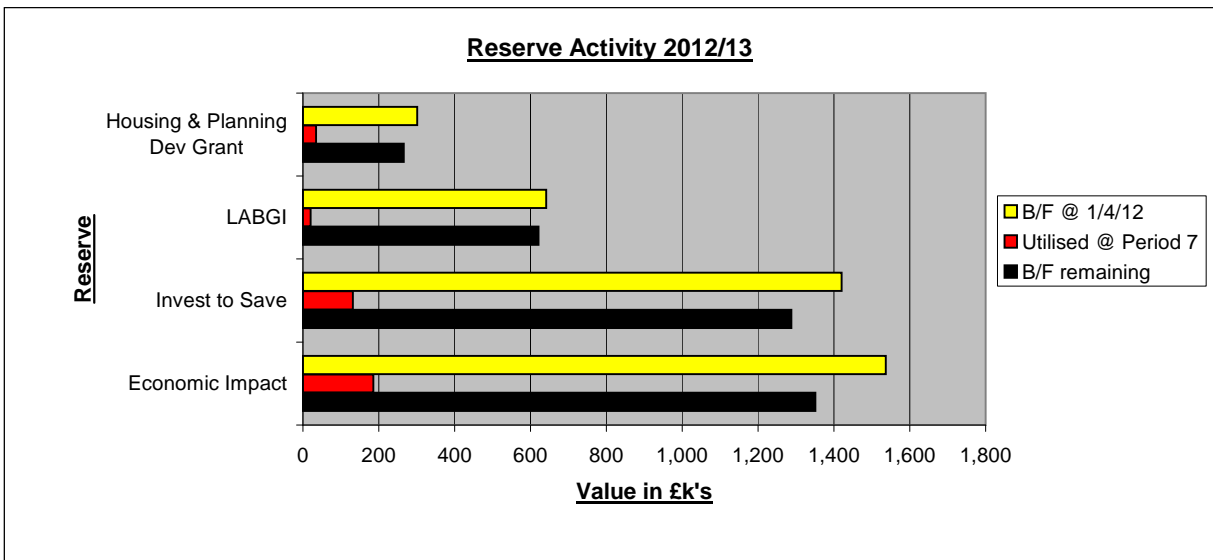


Table 1 - General Fund summary

General Fund Variance Summary for 2012/13 @ Period 7 (October 2012)

| Service Area | Original Budget | Current Budget | Forecast Variance @ Period 6 | Forecast Variances This Month | Total Forecast Variance | Forecast Outturn | Variance | |
|--------------------------------------|-----------------|----------------|------------------------------|-------------------------------|-------------------------|------------------|------------|----------|
| | £000's | £000's | £000's | £000's | £000's | £000's | % | ☺ |
| Community Services | 8,200 | 8,292 | (73) | (98) | (171) | 8,121 | (2.1) | ☺ |
| Environmental Services | 6,346 | 6,418 | (54) | 56 | 2 | 6,420 | 0.0 | ⊗ |
| Planning | 2,162 | 2,172 | 20 | (3) | 17 | 2,189 | 0.8 | ⊗ |
| Corporate Management | 1,492 | 1,492 | 0 | 0 | 0 | 1,492 | 0.0 | ☺ |
| Legal and Property Services | (2,721) | (2,688) | 2 | 135 | 137 | (2,551) | 5.1 | ⊗ |
| Shared Services Implementation | 30 | 30 | 0 | 0 | 0 | 30 | 0.0 | ☺ |
| Shared Services | 3,815 | 3,815 | 210 | 0 | 210 | 4,025 | 5.5 | ⊗ |
| Strategic Finance | (4,427) | (4,447) | 61 | (70) | (9) | (4,456) | (0.2) | ☺ |
| NET GENERAL FUND | 14,897 | 15,084 | 166 | 20 | 186 | 15,270 | 1.2 | ⊗ |
| Budgeted Transfer To/(From) Reserves | 503 | 503 | 0 | 0 | 0 | 503 | | |
| In Year Transfer To/(From) Reserves | | (187) | (166) | (20) | (186) | (373) | | |
| <i>Rounding Adjustment</i> | | | | | | | | |
| NET BUDGET REQUIREMENT | 15,400 | 15,400 | 0 | 0 | 0 | 15,400 | | |
| General Fund Working Balance | | | | | | | | |
| Opening Balance | 1,350 | 1,350 | 0 | 0 | 0 | 1,350 | | |
| CLOSING WORKING BALANCE | 1,350 | 1,350 | 0 | 0 | 0 | 1,350 | | |

Icons

Icons have been used to indicate the severity of the variation against budget.

The key is as follows:

☺ Forecast net expenditure is within budget

☹ Forecast net expenditure is as per budget

⊗ Forecast net expenditure is over budget but there is no cause for concern at this stage.

🚨 Forecast net expenditure is more than 10% and £50k over budget which is a cause for concern.

Table 2 - Variance Analysis by Service and Cost Centre

| Service Area | Original Budget | Agreed Budget Change | Current Budget | Forecast Variance @ Period 6 | Forecast Variances This Month | Total Forecast Variance | Forecast Outturn | Comments regarding This Month's Forecast Variances |
|-------------------------------------|-----------------|----------------------|----------------|------------------------------|-------------------------------|-------------------------|------------------|--|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | |
| Community Services :- | | | | | | | | |
| Parks and Open Spaces | 2,186 | 34 | 2,220 | (9) | 0 | (9) | 2,211 | No monthly forecast variances reported. |
| Sports and Arts | 3,775 | 58 | 3,833 | (61) | (2) | (63) | 3,770 | Vacancy saving of (£2k) reported within the Play Management section. |
| Housing | 2,239 | 0 | 2,239 | (3) | (96) | (99) | 2,140 | Variations due to the following :- a) Fewer placements in temporary accommodation due to new build coming on stream saving (£30k). b) Recovery of B&B input costs totalling (£30k) c) Better occupancy rates at WBC hostels generating additional income of (£24k). d) Lower costs expected in connection to repairs / equipment at WBC hostels and managed dwellings of (£8k). e) Other net variations saving (£4k). |
| <i>Rounding Adjustment</i> | | | | | | | | |
| Total for Community Services | 8,200 | 92 | 8,292 | (73) | (98) | (171) | 8,121 | |

Notes to Agreed Budget Changes

Agreed Budget Changes reported in Finance Digest Period 6

Parks and Open Spaces
Parks and Open Spaces - Total

Community Services - Total @ Period 7

Reason for Agreed Budget Change

58
31 Approved virement from Invest to Save Reserve Re Potential outsourcing
3 Approved virement from Strategic Finance Re Increased fuel costs for vehicles

34

92

Table 2 - Variance Analysis by Service and Cost Centre (continued)

| Service Area | Original Budget | Agreed Budget Change | Current Budget | Forecast Variance @ Period 6 | Forecast Variances This Month | Total Forecast Variance | Forecast Outturn | Comments regarding This Month's Forecast Variances |
|---|-----------------|----------------------|----------------|------------------------------|-------------------------------|-------------------------|------------------|---|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | |
| Environmental Services :- | | | | | | | | |
| Customer Services | 0 | 5 | 5 | 0 | 3 | 3 | 8 | Variations due to the following :- a) Vacancy savings of (£20k) offset largely by budget adjustment requirements of £19k. b) Reduced consultancy spend of (£3k). c) Net adverse variance of £7k within the Print Section driven by lower volume of job requests. |
| Environmental Health & Licensing | 1,781 | (34) | 1,747 | (54) | 70 | 16 | 1,763 | Previously reported forecast underspend in period 4 (July 2012) with regard anti social behaviour subsequently reversed due to virement (see below agreed budget changes). |
| Street Cleansing | 2,017 | 41 | 2,058 | 0 | (8) | (8) | 2,050 | Variations due to the following :- a) Lower income expected from trolley collection of £6k and clients including WCHT and Watford Rural Parish of £3k and £6k respectively, offset in part by additional income for subway cleaning from Herts County of (£11k). b) Lower spend of (£9k) expected post litter and dog bin review. c) Net saving on abandoned vehicles of (£3k). |
| Waste & Recycling | 2,548 | 60 | 2,608 | 0 | (9) | (9) | 2,599 | Variations due to the following :- a) Reduced trade waste fee income of £30k offset largely by increased trade sack sales of (£5k), lower landfill costs of (£15k) as well as other related supplies and services of (£7k). b) Net increased spend on employee costs of £44k (largely in kerbside recycling) due to :- i) Additional staff required (short term contracts) ii) Loaders acting up and high sickness levels iii) Volumes being collected and recycling collection point diverted to St Albans c) Improved income performance notably in kerbside recycling totalling (£62k) mainly due to tonnages now being collected. d) Other net variations totalling £6k. |
| Total for Environmental Services | 6,346 | 72 | 6,418 | (54) | 56 | 2 | 6,420 | |

Notes to Agreed Budget Changes

**Agreed Budget Changes reported
in Finance Digest Period 6**

Reason for Agreed Budget Change

| | | |
|--|------------------|--|
| Customer Services | <u>5</u> | Approved virement from Strategic Finance Re GovMetric customer satisfaction tool |
| Customer Services - Total | 5 | |
| Environmental Health & Licensing | (70) | Approved virement to Legal & Property (£50k) and Strategic Finance (£20k) |
| Environmental Health & Licensing - Total | <u>1</u> | Approved virement from Strategic Finance Re Increased fuel costs for vehicles |
| | (69) | |
| Street Cleansing | 31 | Approved virement from Invest to Save Reserve Re Potential outsourcing |
| Street Cleansing - Total | <u>10</u> | Approved virement from Strategic Finance Re Increased fuel costs for vehicles |
| | 41 | |
| Waste & Recycling | 31 | Approved virement from Invest to Save Reserve Re Potential outsourcing |
| Waste & Recycling - Total | <u>29</u> | Approved virement from Strategic Finance Re Increased fuel costs for vehicles |
| | 60 | |
| Environmental Services - Total @ Period 7 | <u><u>72</u></u> | |

Table 2 - Variance Analysis by Service and Cost Centre (continued)

| Service Area | Original Budget | Agreed Budget Change | Current Budget | Forecast Variance @ Period 6 | Forecast Variances This Month | Total Forecast Variance | Forecast Outturn | Comments regarding This Month's Forecast Variances |
|------------------------------------|-----------------|----------------------|----------------|------------------------------|-------------------------------|-------------------------|------------------|---|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | |
| Planning Services :- | | | | | | | | |
| Development Section | 985 | 0 | 985 | 0 | 7 | 7 | 992 | Variations due to the following :- i) Increased pre-application advice income of (£3k) ii) Improved search fee income of (£10k) offset by additional spend on consultancy of £10k (Re Rounton Public Inquiry) and agency fees of £10k (structural surveyor appointment) iii) Reduced spend of (£4k) on consultancy within Building Control offset by a £4k increase in microfilming costs. |
| Transport and Infrastructure | 585 | 10 | 595 | 20 | (10) | 10 | 605 | Better income performance anticipated at the Town Hall Car Park of (£10k). |
| Policy Team | 580 | 0 | 580 | 0 | 0 | 0 | 580 | No monthly forecast variances reported. |
| Economic Development | 12 | 0 | 12 | 0 | 0 | 0 | 12 | No monthly forecast variances reported. |
| <i>Rounding Adjustment</i> | | | | | | | | |
| Total for Planning Services | 2,162 | 10 | 2,172 | 20 | (3) | 17 | 2,189 | |

Notes to Agreed Budget Changes

Agreed Budget Changes reported

in Finance Digest Period 6

Transport and Infrastructure

Reason for Agreed Budget Change

0

10 Approved virement from Buildings and Projects (Legal and Property) Re Directional signs

Planning Services - Total @ Period 7

10

Table 2 - Variance Analysis by Service and Cost Centre (continued)

| Service Area | Original Budget | Agreed Budget Change | Current Budget | Forecast Variance @ Period 6 | Forecast Variances This Month | Total Forecast Variance | Forecast Outturn | Comments regarding This Month's Forecast Variances |
|---------------------------------------|-----------------|----------------------|----------------|------------------------------|-------------------------------|-------------------------|------------------|--|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | |
| Corporate Management :- | | | | | | | | |
| Corporate Management | 1,492 | 0 | 1,492 | 0 | 0 | 0 | 1,492 | No monthly forecast variances reported. |
| Total for Corporate Management | 1,492 | 0 | 1,492 | 0 | 0 | 0 | 1,492 | |

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

Agreed Budget Changes reported in Finance Digest Period 6

0

Table 2 - Variance Analysis by Service and Cost Centre (continued)

| Service Area | Original Budget | Agreed Budget Change | Current Budget | Forecast Variance @ Period 6 | Forecast Variances This Month | Total Forecast Variance | Forecast Outturn | Comments regarding This Month's Forecast Variances |
|--|-----------------|----------------------|----------------|------------------------------|-------------------------------|-------------------------|------------------|---|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | |
| Legal and Property Services :- | | | | | | | | |
| Partnerships & Performance | 272 | 42 | 314 | 0 | 0 | 0 | 314 | No monthly forecast variances reported. |
| Legal and Democratic | 1,591 | 0 | 1,591 | 2 | 0 | 2 | 1,593 | No monthly forecast variances reported. |
| Property | (5,154) | 0 | (5,154) | 0 | 135 | 135 | (5,019) | Variations due to the following :- a) Improved rental income performance anticipated from miscellaneous properties totalling (£180k). b) Adverse rental income expected from Harlequin Shopping Centre and Charter Place of £150k and £165k respectively. |
| Buildings and Projects | 570 | (9) | 561 | 0 | 0 | 0 | 561 | No monthly forecast variances reported. |
| Total for Legal and Property Services | (2,721) | 33 | (2,688) | 2 | 135 | 137 | (2,551) | |

Notes to Agreed Budget Changes

| | <u>Reason for Agreed Budget Change</u> |
|--|--|
| Agreed Budget Changes reported in Finance Digest Period 6 | (8) |
| Partnerships & Performance | 50 |
| Partnerships & Performance - Total | 50 |
| Buildings and Projects | (10) |
| Buildings and Projects - Total | (9) |
| Legal and Property Services - Total @ Period 7 | 33 |

Table 2 - Variance Analysis by Service and Cost Centre (continued)

| Service Area | Original Budget | Agreed Budget Change | Current Budget | Forecast Variance @ Period 6 | Forecast Variances This Month | Total Forecast Variance | Forecast Outturn | Comments regarding This Month's Forecast Variances |
|---|-----------------|----------------------|----------------|------------------------------|-------------------------------|-------------------------|------------------|--|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | |
| Shared Services Implementation :- | | | | | | | | |
| Shared Services Implementation | 30 | 0 | 30 | 0 | 0 | 0 | 30 | No monthly forecast variances reported. |
| Total for Shared Services Implementation | 30 | 0 | 30 | 0 | 0 | 0 | 30 | |

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

Agreed Budget Changes reported in Finance Digest Period 6

0

Table 2 - Variance Analysis by Service and Cost Centre (continued)

| Service Area | Original Budget | Agreed Budget Change | Current Budget | Forecast Variance @ Period 6 | Forecast Variances This Month | Total Forecast Variance | Forecast Outturn | Comments regarding This Month's Forecast Variances |
|----------------------------------|-----------------|----------------------|----------------|------------------------------|-------------------------------|-------------------------|------------------|--|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | |
| Shared Services :- | | | | | | | | |
| Revenues and Benefits | 1,559 | 0 | 1,559 | 162 | 0 | 162 | 1,721 | No monthly forecast variances reported. |
| ICT | 835 | 0 | 835 | 48 | 0 | 48 | 883 | No monthly forecast variances reported. |
| Human Resources | 471 | 0 | 471 | 0 | 0 | 0 | 471 | No monthly forecast variances reported. |
| Finance | 950 | 0 | 950 | 0 | 0 | 0 | 950 | No monthly forecast variances reported. |
| <i>Rounding Adjustment</i> | | | | | | | | |
| Total for Shared Services | 3,815 | 0 | 3,815 | 210 | 0 | 210 | 4,025 | |

Notes to Agreed Budget Changes

**Agreed Budget Changes reported
in Finance Digest Period 6**

Reason for Agreed Budget Change

0

Table 2 - Variance Analysis by Service and Cost Centre (continued)

| Service Area | Original Budget | Agreed Budget Change | Current Budget | Forecast Variance @ Period 6 | Forecast Variances This Month | Total Forecast Variance | Forecast Outturn | Comments regarding This Month's Forecast Variances |
|------------------------------------|-----------------|----------------------|----------------|------------------------------|-------------------------------|-------------------------|------------------|---|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | |
| Strategic Finance :- | | | | | | | | |
| Finance and Resources | 221 | 10 | 231 | 0 | 0 | 0 | 231 | No monthly forecast variances reported. |
| Finance Services Client | (823) | 0 | (823) | 0 | 0 | 0 | (823) | No monthly forecast variances reported. |
| Revenues and Benefits Client | (165) | 0 | (165) | 61 | 0 | 61 | (104) | No monthly forecast variances reported. |
| ICT Services Client | (835) | 0 | (835) | 0 | 0 | 0 | (835) | No monthly forecast variances reported. |
| Human Resources Client | (471) | 8 | (463) | 0 | 0 | 0 | (463) | No monthly forecast variances reported. |
| Procurement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | No monthly forecast variances reported. |
| Corporate Costs | 1,610 | (38) | 1,572 | 0 | (70) | (70) | 1,502 | Forecast replacement (see comments in Environmental Services (Environmental Health & Licensing) on page 7). |
| Capital & FRS17 Adjustments | (3,964) | 0 | (3,964) | 0 | 0 | 0 | (3,964) | No monthly forecast variances reported. |
| Total for Strategic Finance | (4,427) | (20) | (4,447) | 61 | (70) | (9) | (4,456) | |

Notes to Agreed Budget Changes

Agreed Budget Changes reported in Finance Digest Period 6

Corporate Costs

Strategic Finance - Total @ Period 7

Reason for Agreed Budget Change

8

20 Approved virement from Environmental Health & Licensing (Environmental Services) Re Budget adjustment

(5) Approved virement to Customer Services (Environmental Services) Re GovMetric customer satisfaction tool

(43) Approved virement to Plant & Vehicle A/C (Environmental Services) Re Increased fuel costs for vehicles

(20)

Table 3 - Salaries Analysis

Salaries Variance Analysis (Excl. IAS19)

| Service Area | Previous Year Final Restated | Original Budget | Agreed Budget Change | Current Budget | Forecast Variance @ Period 6 | Forecast Variances This Month | Total Forecast Variance | Forecast Outturn | Variance | | Comments regarding This Month's Forecast Variances |
|--------------------------------|------------------------------|-----------------|----------------------|----------------|------------------------------|-------------------------------|-------------------------|------------------|------------|----------|--|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | % | ☺ | |
| Community Services | 3,065 | 2,840 | 39 | 2,879 | (8) | (3) | (11) | 2,868 | (0.4) | ☺ | See Table 2 - Variance Analysis by Service and Cost Centre (page 6) |
| Environmental Services | 5,648 | 5,876 | (1) | 5,875 | 0 | 24 | 24 | 5,899 | 0.4 | ☹ | See Table 2 - Variance Analysis by Service and Cost Centre (page 7) |
| Planning Services | 1,887 | 1,983 | 0 | 1,983 | (26) | 10 | (16) | 1,967 | (0.8) | ☺ | See Table 2 - Variance Analysis by Service and Cost Centre (page 9) |
| Corporate Management | 537 | 403 | 0 | 403 | 0 | 0 | 0 | 403 | 0.0 | ☺ | No monthly forecast variances reported. |
| Legal and Property Services | 3,110 | 3,058 | 50 | 3,108 | 0 | 0 | 0 | 3,108 | 0.0 | ☺ | No monthly forecast variances reported. |
| Shared Services Implementation | 33 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | ☺ | No monthly forecast variances reported. |
| Strategic Finance | 194 | 232 | 0 | 232 | 0 | 0 | 0 | 232 | 0.0 | ☺ | No monthly forecast variances reported. |
| Consultancy | 231 | 130 | 108 | 238 | 0 | 3 | 3 | 241 | 1.3 | ☹ | See Table 2 - Variance Analysis by Service and Cost Centre (pages 7 & 9) |
| Total | 14,705 | 14,522 | 196 | 14,718 | (34) | 34 | 0 | 14,718 | 0.0 | ☺ | |

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

Agreed Budget Changes reported in Finance Digest Period 6

| | | |
|--------------------------------|------------|---|
| | 32 | |
| Community Services | 31 | Approved virement from Invest to Save Reserve Re Potential outsourcing |
| Community Services - Total | 31 | |
| Environmental Services | 63 | Approved virement from Invest to Save Reserve Re Potential outsourcing |
| Environmental Services - Total | 63 | |
| Legal & Property | 50 | Approved virement from Environmental Health & Licensing (Environmental Services) Re Budget adjustment |
| Legal & Property - Total | 50 | |
| Strategic Finance | 20 | Approved virement from Environmental Health & Licensing (Environmental Services) Re Budget adjustment |
| Strategic Finance - Total | 20 | |
| Total @ Period 7 | 196 | |

Table 4 - Key Financial Risk Areas (as at end of October 2012)

| Service Area | Original Budget | Current Budget | Forecast Variance @ Period 6 | Forecast Variances This Month | Total Forecast Variance | Forecast Outturn | Variance | | Current Assessment of Outturn Position | Mitigating Action Taken |
|---|-----------------|----------------|------------------------------|-------------------------------|-------------------------|------------------|----------|---|---|---|
| | £000's | £000's | £000's | £000's | £000's | £000's | % | ☺ | | |
| Investment Interest | (325) | (325) | 0 | 0 | 0 | (325) | 0.0 | ☺ | Forecast higher cash balances available for investment and volatility in financial markets resulting in a 'flight to safety' with the maturity profile being shorter. | Dependent upon Eurozone countries resolving the issues around sovereign debt. |
| Commercial Property Income | (6,205) | (6,205) | 0 | 135 | 135 | (6,070) | 2.2 | ☹ | Preliminary forecast with a further substantive review expected to be reported and carried out by the Property Section Head (see page 10). | Comprehensive review ongoing due to the affect on the Council's revenue budget. |
| Charter Place Market | (288) | (288) | 0 | 0 | 0 | (288) | 0.0 | ☺ | Service reviewed by the Property Section Head. | Part of the transfer proposals under way with Capital Shopping Centres. |
| Homelessness Costs | 151 | 151 | 0 | (30) | (30) | 121 | (19.9) | ☺ | B&B costs regularly reviewed by the Housing Section Head and reported through the Head of Community Services (see page 6) | Options for commissioning additional temporary accommodation and more effective demand management routinely considered. |
| Development and Building Control Income | (536) | (536) | 30 | (3) | 27 | (509) | 5.0 | ☹ | Service correlated to current economic conditions - see comments on page 9 under 'Development Section'. | Fee generation reviewed regularly by the Head of Planning & Development |

Table 4 - Key Financial Risk Areas (as at end of October 2012) (continued)

| Service Area | Original Budget | Current Budget | Forecast Variance @ Period 6 | Forecast Variances This Month | Total Forecast Variance | Forecast Outturn | Variance | | Current Assessment of Outturn Position | Mitigating Action Taken |
|---|-----------------|----------------|------------------------------|-------------------------------|-------------------------|------------------|----------|---|--|---|
| | £000's | £000's | £000's | £000's | £000's | £000's | % | ☺ | | |
| Land Charges Income | (40) | (40) | (20) | (10) | (30) | (70) | (75.0) | ☺ | The income budget has again been reviewed upwards when compared to original estimate - see comments on page 9 under 'Development Section'. | Fee generation reviewed regularly by the Head of Planning & Development |
| Trade Refuse Income | (686) | (686) | 0 | 25 | 25 | (661) | 3.6 | ☹ | Bi-annual billing (April & October). Service reviewed by the Head of Environmental Services via the Section Head of Waste & Recycling (see page 7). | This service forms part of the outsourcing proposal currently being explored. |
| Kerbside Recycling Income | (566) | (566) | 0 | (62) | (62) | (628) | (11.0) | ☺ | Service reviewed by the Head of Environmental Services via the Section Head of Waste & Recycling (see page 7). | This service forms part of the outsourcing proposal currently being explored. |
| Revenues & Benefits Client <i>(Client cost excluding Revs & Bens shared service operating costs stated below to avoid duplication in variance reporting)</i> | (165) | (165) | 61 | 0 | 61 | (104) | 37.0 | 🔔 | This is a high risk area due to increased demand and potential risks of overpayment which can affect the budget - see comment below. | There needs to be a very rigorous quality control process in place to ensure all benefit claims are properly validated. |
| Shared Service Operating Costs :- | | | | | | | | | | |
| Finance | 950 | 950 | 0 | 0 | 0 | 950 | 0.0 | ☺ | Reviewed and monitored by the appropriate Head of Service and approved by the Shared Services Board. These variances were agreed at their last meeting held on 24/9/12 . | It is anticipated that the continuing harmonisation of processes should result in future efficiencies at some point. |
| Human Resources | 471 | 471 | 0 | 0 | 0 | 471 | 0.0 | ☺ | | |
| ICT | 835 | 835 | 48 | 0 | 48 | 883 | 5.7 | ☹ | | |
| Revenues & Benefits | 1,559 | 1,559 | 162 | 0 | 162 | 1,721 | 10.4 | 🔔 | | |

Part 2 - Performance Indicators

2 - Performance Indicators

The following analysis identifies performance on the Councils key 'financial health' and key business indicators.

2.1 Treasury Management Performance

The performance of the council's treasury management strategy for the period ending 31st October 2012 shows an average annualised return on investments of 1.15% which is in line with estimate. Budgeted interest receivable for the year therefore remains unchanged at £325k.

The current estimate of interest returns for 2012/13 is:

| | <u>2012/13</u> |
|--------------|-----------------------|
| Best case | 1.2 % |
| Central case | 1.15 % |
| Worst case | 1.1 % |

Interest base rates (0.5%) are not now expected to rise until December 2014.

2.2 Council Tax and NNDR

The Council Tax and NNDR collection rates @ period 7 are as follows :-

| Council Tax Collection rates | 2010/11 % | 2011/12 % | 2012/13 % | Target % |
|-------------------------------------|----------------------|----------------------|----------------------|---------------------|
| April | 10.8 | 10.7 | 11.1 | 10.8 |
| May | 17.8 | 19.7 | 19.6 | 19.8 |
| June | 27.2 | 28.5 | 28.1 | 28.6 |
| July | 35.8 | 37.6 | 36.8 | 37.7 |
| August | 45.0 | 46.5 | 46.0 | 46.6 |
| September | 54.1 | 55.0 | 54.7 | 55.1 |
| October | 62.8 | 64.0 | 64.0 | 64.1 |
| November | 71.9 | 73.2 | | 73.3 |
| December | 80.4 | 82.1 | | 82.2 |
| January | 88.9 | 90.3 | | 90.4 |
| February | 92.8 | 93.6 | | 93.7 |
| March | 95.3 | 95.5 | | 96.0 |

| NNDR Collection rates | 2010/11 % | 2011/12 % | 2012/13 % | Target % |
|------------------------------|----------------------|----------------------|----------------------|---------------------|
| April | 9.6 | 13.7 | 13.5 | 13.8 |
| May | 17.2 | 23.5 | 23.0 | 23.6 |
| June | 27.2 | 33.4 | 32.6 | 33.5 |
| July | 37.2 | 41.6 | 41.8 | 41.8 |
| August | 51.7 | 50.5 | 50.3 | 50.7 |
| September | 57.9 | 60.2 | 56.6 | 60.4 |
| October | 68.9 | 68.9 | 69.6 | 69.1 |
| November | 80.2 | 77.8 | | 78.0 |
| December | 87.2 | 88.6 | | 88.8 |
| January | 93.5 | 92.8 | | 93.1 |
| February | 95.7 | 95.0 | | 95.3 |
| March | 96.3 | 96.7 | | 97.0 |

67% of council tax is paid by direct debit which is the cheapest and most reliable form of collection.

2.3 Creditor Payment Monitoring @ period 7 (October 2012)

The Council paid 90.35% of undisputed invoices within 30 days (against an Audit Commission target of 100%)

The number of payments made by BACS for the month was 87.43% (cumulative figure is 86.27%) against a target of 90%.

Creditor Payment Monitoring Statistics By Service Area

| | Total Undisputed Invoices | Late Payments | Payments On Time | % Payments On Time (This Month) | % Payments On Time (Yr to date) |
|------------------------|---------------------------|---------------|------------------|---------------------------------|---------------------------------|
| Community Services | 119 | 9 | 110 | 92.44 | 92.25 |
| Environmental Services | 297 | 10 | 287 | 96.63 | 97.78 |
| Planning | 40 | 3 | 37 | 92.50 | 88.98 |
| Managing Director | 11 | 0 | 11 | 100.00 | 87.61 |
| Legal and Property | 203 | 24 | 179 | 88.18 | 81.86 |
| Shared Services | 107 | 29 | 78 | 72.90 | 82.30 |
| | | | | | |
| Total | 777 | 75 | 702 | 90.35 | 90.32 |

Cumulative Percentages of Payments Made On Time

| | 2010/11 | 2011/12 | 2012/13 |
|-----------|---------|---------|---------|
| April | N/A | 98.45 | 94.67 |
| May | 63.77 | 95.11 | 92.09 |
| June | 69.79 | 93.27 | 91.69 |
| July | 71.77 | 93.23 | 90.91 |
| August | 74.62 | 92.63 | 90.78 |
| September | 81.59 | 92.49 | 90.32 |
| October | 84.61 | 92.65 | 90.32 |
| November | 86.45 | 93.22 | |
| December | 87.59 | 93.37 | |
| January | 87.91 | 93.04 | |
| February | 87.94 | 93.29 | |
| March | 89.16 | 93.51 | |

The April figure was not reported separately in 2010/11 so a historic comparison for this month is not possible.

2.4 Debtors Monitoring @ period 7 (October 2012)

A summary of debtors raised / paid is shown in the table below.

General Debtor Invoices Raised to the end of October 2012

| Invoices Raised from 1st April 2012 to 31st October 2012 | | | | | |
|--|--------------|-------------------|-------------------|------------------|--------------|
| Service Area | No. Invoices | Total Raised £ | Collected £ | Outstanding | |
| | | | | £ | % |
| Community Services | 1,329 | 1,369,877 | 1,137,870 | 232,007 | 16.94 |
| Environmental Services | 2,847 | 1,403,950 | 890,418 | 513,532 | 36.58 |
| Planning | 182 | 689,083 | 465,082 | 224,000 | 32.51 |
| Corporate Management | 9 | 103,722 | 73,756 | 29,966 | 28.89 |
| Legal and Property | 4,027 | 7,991,083 | 7,165,913 | 825,170 | 10.33 |
| Human Resources | 9 | 21,374 | 20,744 | 630 | 2.95 |
| Housing | 4 | 903 | 869 | 34 | 3.77 |
| Finance | 126 | 824,423 | 808,304 | 16,119 | 1.96 |
| ICT | 0 | 0 | 0 | 0 | N/A |
| Revenues & Benefits | 356 | 18,576 | 10,302 | 8,275 | 44.54 |
| Total | 8,889 | 12,422,990 | 10,573,257 | 1,849,733 | 14.89 |

Of the outstanding debt of £1,849,733, the amount between 0 to 3 months old is £1,307,216 (70.67%)

2.5

Key Business Indicators

Monthly indicators at the end of October 2012 (Period 7) are :-

| Performance Indicator | Target for Year | Actual |
|--|---------------------------------------|----------------------------------|
| Occupancy rates - Market | 70% | Not available |
| Occupancy rates - Commercial Property | 99% | Not available |
| Repair & Maintenance Programme (incl Yr 5 capitalised budget) | £1,402k | £355k |
| Capital Programme General | £5,300k | £1,931k |
| Capital Programme Section 106 | £2,230k | £909k |
| Average time to process housing benefits claims (from date of claim) | 25 days | 28.81 days |
| Average time to process change of circumstances | 15 days | 27.93 days |
| Sickness absence (working days lost per employee) | 3.90 days (profile target @ period 7) | 5.32 days (as @ end of period 7) |
| Staff Appraisals completed on time | 100% | 97.84% |
| CSC service levels - 95% all calls answered | 95% | 97% |
| Complaints resolved at Stage 1 | 90% | 69% |
| % of valid bins missed | <0.05% | 0.046% |
| ICT service availability to users during core working hours | 99.50% | 99.72% |