

FINANCIAL RESULTS 2013/14 – to the end of July 2013

Finance and Resources Advisory Committee – 29 August 2013

Report of Group Manager Financial Services

Status: For consideration

Key Decision: No

This report supports the Key Aim of Effective Management of Council Resources

Portfolio Holder Cllr. Ramsey

Contact Officer(s) Helen Martin Ext. 7483

Recommendation to Finance and Resources Advisory Committee: That the report be noted.

Introduction and Background

Overall Financial Position

1. Four months into the year the results to date show an overall favourable variance of £495,000.
2. The year-end position is forecast to be £80,000 better than budget.

Key Issues for the year to date

3. **Income** – investment income is performing above target and is forecast to be better than budgeted at the year-end. This is due to higher than estimated balances and slightly higher rates being achieved during the year so far, and a favourable forecast is shown to reflect this position.
4. All other main income sources, with the exception of car parking, are achieving or exceeding budget targets at the end of July.
5. **Pay costs** – the actual expenditure to date on SDC funded salaried staff is £129,000 below budget, but £106,000 of that relates to Direct Services and will be offset by agency staff costs held within the trading account. A small favourable variance would be expected at this time because the budget for 2013/14 includes provision for 1% pay award which has only just been agreed nationally but not yet paid.

6. **Other** – Direct Services' results show a positive variance of £64,000 compared to budget.
7. Costs amounting to £30,000 were incurred in facilitating the sale of 66 London Road.

Year End Forecast

8. The year-end position is forecast to be £80,000 better than budget.
9. Extra investment income is a significant favourable variance; however interest rates are expected to remain low into the future. Income from council tax court costs is expected to be above budget for the year.
10. Following the sale of 66 London Road, there will be a saving on rent and rates at that site. Expenditure is forecast to be £76,000 below budget.
11. The contracts for markets at Sevenoaks and Swanley were re-tendered in 12/13 following the voluntary liquidation of the previous operators. Income from these new contracts is forecast to be £62,000 worse than budget.
12. The review of the senior management structure will not take effect until 1 September and as a result the full salary saving will not be met in 2013/14 although this shortfall is expected to be met from other Corporate savings.

Risk areas

13. The current economic situation continues to have a real and potential impact on the Council's finances:
 - the investment strategy is constantly under review in light of the changing long term credit ratings which affects the number of organisations the Council can invest in;
 - property related income such as Development Control (particularly pre-application fees and S106 monitoring), Building Control, Land Charges and Capital Receipts remain vulnerable;
 - the Benefits workload is at a higher level than before the recession. Agency staff are being used to address the workload and to fill any vacancies due to uncertainties relating to Universal Credit;
 - Council Tax collection rates, though currently in line with the previous year, could be affected by increased unemployment and squeezed household incomes; and
14. Planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years.

Key Implications

Financial

The financial implications are set out elsewhere in this report.

Legal Implications and Risk Assessment Statement.

Under section 151 of the Local Government Act 1972, the Section 151 officer has statutory duties in relation to the financial administration and stewardship of the authority.

Detailed budget monitoring is completed on a monthly basis where all variances are explained. Future risk items are also identified.

Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	The recommendation is concerned with sound control of the Councils finances and does not directly impact on services provided to the community
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		No mitigating steps are required

Appendices

Appendix – July Budget Monitoring Reports

Adrian Rowbotham

Group Manager Financial Services