

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

Finance and Resources Advisory Committee – 12 November 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. Six months into the year the results to date show an overall favourable variance of £444,000. Reasons for this current favourable variance are explained in the individual commentaries from Chief Officers
2. The year-end position is forecast to be £30,000 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. Income from on-street parking, land charges and development management are achieving or exceeding budget targets at the end of September.
5. **Pay costs** – the actual expenditure to date on SDC funded salaried staff is £127,000 below budget. An underspending of £167,000 relates to Direct Services and will be offset by agency staff costs held within the trading account. Additional resources are being used to address the Benefits workload and costs will be met by additional funding from both partners. The 1% pay award will be paid in October.
6. **Other** – Direct Services' results show a positive variance of £98,000 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 £30,000 better than budget.
9. Extra investment income is still a 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. Car Parking income, mainly pay and display, is now expected to be £70,000 worse than budget.
13. Direct Services are forecasting a favourable variance of £25,000 for the year.
14. Planning Services are now predicting that Planning fee income will be £95,000 better than budget.
15. The review of the senior management structure did not take effect until 1 September and as a result the full salary saving will not be met in 2013/14 although this shortfall of £48,000 will be met from other Corporate savings. The full saving will be delivered in future years.

Risk areas

16. 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. The annual budget for investment income is £229,000 and a reduction of 0.1% in the rate of interest we are able to achieve could reduce our income by £28,000;
 - property related income such as Development Control (particularly pre-application fees and S106 monitoring), Building Control, Land Charges remain vulnerable. The income budget for these major items is £1.294m and the current predicted favourable variance of £65k represents 5% of the budget;
 - 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 2012/13 (in-year collection rate of 98.5%), could be affected by increased unemployment and squeezed household incomes; and
- Changes in the price of diesel could have a significant impact on Direct Services. Annual fuel consumption is about 420,000 litres, and each 1p per litre increase would result in increased costs of £4,200.

17. 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 – September Budget Monitoring Reports

Adrian Rowbotham

Group Manager Financial Services