

FINANCIAL RESULTS 2014/15 – TO THE END OF SEPTEMBER 2014

Finance and Resources Advisory Committee – 11 November 2014

Report of Chief Finance Officer

Status: For consideration

Also considered by: Cabinet – 13 November 2014

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
Adrian Rowbotham Ext 7153
Pav Ramewal Ext 7298

Recommendation to Finance and Resources Advisory Committee: That the report be noted, and any comments forwarded to Cabinet.

Recommendation to Cabinet: Cabinet considers any comments from Finance and Advisory Committee and notes the report

Introduction and Background

Overall Financial Position

- 1 Six months into the year the results to date show an overall favourable variance of £873,000.
- 2 The year-end position is forecast to be £331,000 better than budget; this is 2.3% of the net budget for the year.
- 3 Both the results to date and forecasts include any significant accruals.
- 4 Officers have set a target favourable variance of between £400,000 and £500,000 in 2014/15 to enable:
 - funds to be put aside for development projects and asset maintenance;
 - funding of a Housing Stock Survey; and
 - in light of budget pressures expected in 2015/16, any further favourable variance to be applied to the Budget Stabilisation Reserve.

Key Issues for the year to date

- 5 **Income** – investment income is performing just below target and is forecast to be slightly worse than budgeted at the year-end. This reflects the effect of continuing low interest rates. A small unfavourable forecast is shown to reflect this position.
- 6 **Income** from Planning, Building Control, Land Charges and On Street Parking are showing a combined favourable variance of £216,000 at the end of September; Income from Legal work in connection with s.106 agreements is £13,000 ahead of profile. Income from car parking is currently £30,000 behind profile and the loss of income from Pembroke and Old Bligh’s car parks is now showing. A grant of £97,000 has been received for the Transformation Challenge and will be used for efficiency work in Building Control.
- 7 **Budgets for Managed Premises** are currently showing favourable variances totalling £24,000 partly due to receipt of some backdated service charges. Some expenditure on Asset Maintenance work is behind profile, whilst quotes are being obtained, giving a variance of £33,000.
- 8 **Contracted and External services** - There has been less requirement to spend on contracted and external services in the year to date, and these budgets are currently showing a favourable variance of £85,000.
- 9 **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £260,000 below budget, but £61,000 of that relates to Direct Services and may be offset by agency staff costs held within the trading account. There are currently favourable variances arising from vacant posts in Communities and Business, Corporate Support, Direct Services and Planning. A small favourable variance would be expected at this time because the budget for 2014/15 includes provision for a 1% pay award but, as yet, there is no national agreement on the amount.
- 10 **Other Variances** include some savings on CCTV (transmission costs) £27,000; deferred expenditure on administrative supplies £31,000; re-negotiated arrangements with Dartford regarding the partnership agreement together with budgets for non-finance partnerships, where work is currently being contained within existing budgets, accounts for current variances of £112,000.
- 11 **Direct Services** – Direct Services’ results show a positive variance of £78,000 compared to budget.

Year End Forecast

- 12 The year-end position is forecast to be £333,000 better than budget.
- 13 The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
- 14 Direct Services expect to achieve a surplus that is £101,000 better than budget.

- 15 Income from car parking is forecast to be £80,000 below budget at the year end.
- 16 Budgets for Discretionary Rate Relief (£100,000) are no longer required and this is offered as a SCIA saving for 2015/16. (SCIA 9).
- 17 Investment income is forecast to have a small unfavourable variance.

Future Issues and Risk areas

- 18 Chief Officers have considered the future issues and risk areas for their services and the impacts these may have on the Council's finances as follows:
 - the investment strategy is constantly under review and reports are made regularly to FRAC;
 - It is likely that fee income has been positively affected by the adoption of the Community Infrastructure Levy (CIL) schedule, and application numbers might recede once the charge is in place. Application numbers & income will be kept under close review now the new charging schedule has started;
 - There remains the risk that planning decisions will be challenged, either at appeal or through the Courts, and future plan making costs following the Allocations and Development Management Plan (ADMP) examination;
 - It has proved difficult to recruit to some vacant posts especially in Planning and Communities and Business;
 - the Benefits workload is at a higher level than before the recession and additional resources are being used to address this;
 - Tax collection rates, though currently in line with the previous year are vulnerable and we are being proactive in contacting Council Tax Support customers;
 - Potential for in-year overspend on property asset maintenance costs dependant on survey works currently being scheduled for a number of assets; and
 - Following the introduction of retained business rates, the responsibility for payment of back dated appeals rests with this Council. The impact of any successful appeals is being closely monitored.
- 19 Planned savings for 2014/15 total £479,000, including the generation of income, particularly from new partnership working, and this remains a risk area 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 – Overall Summary

Adrian Rowbotham
Chief Finance Officer