

PROVISIONAL OUTTURN 2014/15 AND CARRY FORWARD REQUESTS

Finance Advisory Committee – 2 June 2015

Report of: Chief Finance Officer

Status: For recommendation to Cabinet

Also considered by: Cabinet - 4 June 2015

Key Decision: No

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

Portfolio Holder Cllr. Searles

Contact Officer Head of Finance – Helen Martin ext 7483

Recommendation to Finance Advisory Committee that the recommendations below to Cabinet, be endorsed

Recommendation to Cabinet: It be RESOLVED that:

- (a) the Revenue 'carry forward' requests totalling £204,090 as set out in paragraph 14 of the report be approved, subject to any amendments suggested by the Finance Advisory Committee;
 - (b) the Capital carry forward request totalling £140,000 as set out in paragraph 15 of the report be approved, subject to any amendments suggested by the Finance Advisory Committee;
 - (c) A sum of £50,000 be transferred to the Housing Surveys earmarked reserve to enable a Stock Condition survey to be completed in 2015/16;
 - (d) a Health and Safety Earmarked Reserve be established, and a sum of £100,000 be transferred to that reserve as at the end of March 2015; and
 - (e) A sum of £60,000 be set aside to provide for payment in respect of restitutionary claims and costs in respect of personal search fees.
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Introduction

- 1 Provisional Financial Outturn figures for 2014/15 are attached at Appendix A. These results will be presented to Cabinet at its meeting on 4 June 2015.
- 2 The report also sets out the requests to carry forward unspent budgets into 2015/16 for Revenue items. In practice any items agreed for carry forward will be set aside in an Earmarked Reserve to be used to finance those costs in 2015/16.

- 3 It was approved by Cabinet on 5th February 2015 that any favourable variance achieved on the 2014/15 budget be put to the Budget Stabilisation Reserve.
- 4 2014/15 was the fourth year of a four-year savings plan, which set out to achieve savings of £4 million over that period. During 2015/16 the Chief Executive set officers a target favourable variance of £600,000 to enable:
- Funds to be set aside for development projects and for asset maintenance
 - Funding a Housing Stock Survey and.
 - In the light of future budget pressures to apply a further favourable variance to the Budget Stabilisation Reserve

It is pleasing to report to Members that the challenging target was achieved, and this report requests approval for treatment of the variance.

- 5 There are four requests totalling £204,090 requests to transfer unspent revenue budgets to earmarked reserves.
- 6 A provisional favourable variance of £743,400 has been achieved. If the Revenue carry forwards of £204,090 and the proposed transfers to earmarked reserves and provision of £210,000 are approved, a favourable variance of £329,310 will be applied to the Budget Stabilisation Reserve. That sum represents a variance of 0.60% of the gross service budget.
- 7 At the end of February the forecast outturn was a favourable variance of £809,000. Since then, some additional costs have been charged back to financial year 2014/15 in accordance with sound accounting practice and the provisional outturn is now £743,400.
- 8 The figures above take into account the supplementary budget of £18,000 approved during the year for Christmas car parking.
- 9 The year end favourable variance arises for two reasons:
- Net savings made during the year due to efficiencies, or where income receipts that have been greater than expected. (Where budget variances are expected to be ongoing, they were included as SCIA items for the 2015/16 budget).
 - Project activity, commonly time limited, originally scheduled to take place during 2014/15 which has been delayed or where the project start was deferred and the budget is still required to complete the project.

Favourable variances due to deferred project activity are the subject of formal requests to carry forward the budgets so that the projects can be commenced or continued in 2015/16.

Main reasons for the year end variance are given in the following paragraphs and detailed explanations are provided as Appendix C.:

High Level Analysis of Results

- 10 **Income** from Planning, Land Charges and On Street Parking are showing a combined favourable variance of £353,000 for the year; Income from car parking

was £11,000 below budget but the loss of income from Pembroke Road car park was being offset by income from the additional surface car parking places adjacent to M&S. A grant of £97,000 was received for the Transformation Challenge and is being used for efficiency work in Building Control. Successful claims for refunds of backdated VAT totalling £98,000 were received during the year.

- 11 **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £241,000 below budget, but £81,000 of that relates to Direct Services and may be offset by agency staff costs held within the trading account. Favourable variances arose from vacant posts in Corporate Support, Direct Services and Planning.
- 12 **Other Variances** include some savings on CCTV (transmission costs) £27,000; deferred expenditure on administrative supplies £19,000; 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 £139,000. Other variances arise from underspending against budget on external audit fees and discretionary rate relief as addressed in the 2015/16 budget process. Funding in 14/15 for the new Economic Development & Property Team (originally entitled 'Broadband') shows an underspending of £78,250 arising as the project did not begin in April.
- 13 **Direct Services** – Direct Services' delivered a positive variance of £128,000 compared to budget.

Revenue Carry Forward Items

- 14 There are four Revenue carry forward requests. Further details including the implications of not carrying forward these budgets are set out at the end of this report.

No.	ITEM	CHIEF OFFICER	AMOUNT £
A1	Broadband	Communities & Business	78,250
A2	Asset Maintenance – Argyle Road	Corporate Support	49,000
A3	Revenues and Benefits	Finance	71,225
A4	Transparency Code	Finance	5,615
	Total		204,090

Capital Programme

- 15 The following capital scheme was underspent at the year end and the unspent budget is recommended for carry forward.

No.	SCHEME	CHIEF OFFICER	AMOUNT £
C1	Back-up Generator	Corporate Support	140,000
	Total		140,000

Transfers to Reserves

- 16 One of the aims of the target favourable variance for 2014/15 was to enable a Housing Stock Survey to be undertaken. FRAC were advised that this survey was required but could not be completed before April 2015. Approval is therefore recommended for a transfer for £50,000 to the Housing Surveys earmarked reserve to enable this to take place.
- 17 Approval is recommended to the establishment of a separate reserve for Health and Safety and a transfer be made of £100,000 from the favourable variance into that Reserve.

Transfers to Provisions – Local Land Charges

- 18 In early 2011 claims were made by a number of Property Search companies against local authorities claiming a refund of personal search fees. A framework settlement has now been reached by solicitors advising the local authorities group. In March 2011 we received a New Burdens grant of £34,000 and that sum is currently held in a Provision in respect of potential restitutionary claims relating to personal search fees of the land register. The latest position on repayment of fees, interest and legal costs is still to be confirmed but is estimated to be greater than the amount currently set aside in the Provision. Approval is therefore recommended for a transfer of £60,000 from the favourable variance to increase the Provision.

Key Implications

Financial

There are no financial implications arising from 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.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

Both Members and Officers were fully aware that 2014/15 would be an extremely challenging year. However, in light of the financial pressures arising during the year, it is pleasing to report to Members a positive year end position.

The outturn position could not have been achieved without the commitment and hard work of both Members and Officers, in particular the Chief Officers and the Finance and Resources Advisory Group, who have played an essential challenge, advisory and scrutiny role reviewing not only the budget but also the corrective action planning.

The 2015/16 budget includes savings totalling £0.533m. Achieving this continuing level of savings whilst managing the financial risks will require continued close and proactive financial management during 2015/16.

Risk Assessment Statement

The approval of these carry forward requests should reduce the risk of the Council exceeding its planned expenditure in 2015/16.

These results are provisional and may change due to issues arising from the closure of the Council's accounts, which will be completed by 30 June 2015.

Appendices

Appendix A – Budget Carry Forward Requests

Appendix B - Provisional Outturn Summary

Appendix C – Explanation of variances

Background Papers:

See appendices

Contact Officer(s):

Helen Martin Ext. 7483

Adrian Rowbotham Ext. 7153

Adrian Rowbotham
Chief Finance Officer