

PROVISIONAL OUTTURN 2013/14 AND CARRY FORWARD REQUESTS

Finance and Resources Advisory Committee – 3 June 2014

Report of: Chief Finance Officer

Status: For recommendation to Cabinet

Also considered by: Cabinet - 5 June 2014

Key Decision: No

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

Portfolio Holder Cllr. Ramsay

Contact Officer Head of Finance – Helen Martin ext 7483

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

Recommendation to Cabinet: It be RESOLVED that:

- (a) the Revenue ‘carry forward’ requests totalling £129,000 as set out in paragraph 16 of the report be approved, subject to any amendments suggested by the Finance and Resources Advisory Committee;
- (b) the Capital carry forward request totalling £66,594, as set out in paragraph 17 of the report be approved, subject to any amendments suggested by the Finance and Resources Advisory Committee; and
- (c) a Flood Support Earmarked Reserve be established, and the income receipt of £172,000 be transferred to that reserve at the end of March 2014.

Introduction

- 1 Provisional Financial Outturn figures for 2013/14 are attached at Appendix A. These results will be presented to Cabinet at its meeting on 5 June 2014.
- 2 The report also sets out the requests to carry forward unspent budgets into 2014/15 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 2014/15.
- 3 2013/14 was the third year of a four-year savings plan, which set out to achieve savings of £4 million over that period. It is pleasing to report to Members that a provisional favourable variance of £299,000 has been achieved. If the Revenue carry forwards of £129,000, and the proposal to transfer Flood Support Grant to

- an earmarked reserve, are approved, the favourable variance will reduce to £170,000. That sum represents a variance of 0.33% of the gross service budget.
- 4 At the end of February the forecast outturn was a favourable variance of £199,000. Since then, a review of the cost sharing arrangements for the partnership with Dartford has taken place leading to an increased net contribution from Dartford Council. The provisional outturn position is £100,000 better than the February forecast.
 - 5 The figures above all take into account the supplementary budget of £16,000 approved during the year for Christmas car parking.
 - 6 It was approved by Cabinet on 6th February 2014 that any favourable variance achieved on the 2013/14 budget be put to the Budget Stabilisation Reserve.
 - 7 There are three requests to carry forward unspent revenue budgets.

High Level Analysis of Results

- 8 **Partnership Income:** Reviews of the cost sharing arrangements for the Dartford Environmental Health, and Revenues and Benefits, Audit and Fraud partnerships have taken place. This has led to £90,000 reduction in the cost of these services to this Council.
- 9 **Pay costs** (£229,000 underspent): An underspending of £293,000 relates to Direct Services and was offset by agency staff costs held within the trading account. Additional resources were used to address the Benefits workload and costs were met from external funding.
- 10 **Income from fees and charges** Income from On Street Parking, Land Charges, Development Management, and Court costs has achieved or exceeded budget targets. Development Management income exceeded budget by £110,000 due to a small number of high fee applications. Income from Car Parks pay and display was £58,000 worse than budget.
- 11 **Estates Management** - Following the sale of 66 London Road, there was saving on rent and rates at that site, however £50,000 of that saving was used to fund initial investigations into potential property development. There is an unfavourable variance of £87,000 for management of properties. This covers the costs associated with the sale of 66 London Road, and where the Council has to meet the business rates on properties currently vacant pending disposal, and the associated reduced rental income.
- 12 **Direct Service Trading Accounts** show a surplus of £230,000 at the year end, which is £167,000 better than the budgeted surplus. Explanations for the variances giving rise to this surplus are included within Appendix C.
- 13 **Interest and Investment Income** was £8,000 better than budget due to higher than estimated balances and slightly higher rates being achieved during the first half of the year.

- 14 The latest information from CIPFA regarding the £1m Landsbanki investment is that authorities should now account for a 100% return although this will continue to be reviewed

Flooding Reserve

- 15 In March 2014 we received a Flood Support grant of £172,000 from central government. Accounting regulations require that this money is treated as income in 2013/14. The support scheme is currently in operation and payments are expected to be made during 2014/15. Approval is recommended for the establishment of a separate reserve and for the transfer of the £172,000 grant into that reserve.

Revenue Carry Forward Items

- 16 There are three 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	Revenues	Finance	£77,000
A2	Property Investment	Finance	£40,000
A3	Multi Functional Devices	Corporate Support	£12,000
	Total		£129,000

Capital Programme

- 17 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	Disabled Facility Grants	Housing	£66,594
	Total		£66,594

Key Implications

Financial

- 18 All financial implications are covered elsewhere in the report.

Community Impact and Outcomes

19 None

Legal, Human Rights etc

20 None

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	
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?		

Conclusions

- 21 Both Members and Officers were fully aware that 2013/14 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.
- 22 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.
- 23 The 2014/15 budget includes savings totalling £0.479m. Achieving this continuing level of savings whilst managing the financial risks will require continued close and proactive financial management during 2014/15.

Risk Assessment Statement

- 24 The approval of these carry forward requests should reduce the risk of the Council exceeding its planned expenditure in 2014/15.
- 25 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 2014.

Appendices

Appendix A – Budget Carry Forward Requests

Appendix B - Provisional Outturn Summary

Appendix C – Explanation of variances

Background Papers:

See appendices

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