

FINANCIAL RESULTS 2014/15 – to the end of July 2014

Finance and Resources Advisory Committee – 02 September 2014

Report of Chief Finance Officer

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 – Head of Finance - Ext. 7483

Adrian Rowbotham - Chief Finance Officer – Ext. 7153

Pav Ramewal - Chief Executive – Ext.7298

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 £587,000.
2. The year-end position is forecast to be £169,000 better than budget; this is 1.2% of the net budget for the year.
3. Both the results to date and forecasts include any significant accruals.

Key Issues for the year to date

4. **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.
5. **Income** from Planning, Building Control, Land Charges and On Street Parking are showing a combined favourable variance of £156,000 at the end of July; Income from Legal work in connection with s.106 work is £19,000 ahead of profile. Income from car parking is currently behind profile and the loss of income from Pembroke and Old Bligh's car parks is now showing.

6. **Budgets for Premises** are currently showing favourable variances totalling £86,000 partly due to receipt of some backdated service charges.
7. **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £132,000 below budget, but £34,000 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 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.
8. **Other Variances** include some savings on CCTV (transmission costs) and Environmental Health Protection (air quality consultancy costs). Early receipt of grants (for example Business Well Being Award in Environmental Health Protection and New Burdens Grant within Performance Improvement).
9. **Direct Services** – Direct Services' results show a positive variance of £73,000 compared to budget.

Year End Forecast

10. The year-end position is forecast to be £169,000 better than budget.
11. The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
12. Income from car parking is forecast to be below budget at the year end.
13. Investment income is forecast to have a small unfavourable variance.

Risk areas

14. 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.
 - 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; and

15. 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 – July Budget Monitoring Reports

Adrian Rowbotham
Chief Finance Officer