

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

Finance and Resources Advisory Committee – 11 November 2014

Report of Chief Finance Officer

Status: For consideration

Also considered by: Cabinet – 5 February 2015

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, and any comments forwarded to Cabinet.

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

Reason for recommendation: sound financial governance of the Council.

Introduction and Background

Overall Financial Position

1. Eight months into the year the results to date show an overall favourable variance of £835,000.
2. The year-end position is forecast to be £460,000 better than budget; this is 3.2% 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, Land Charges and On Street Parking are showing a combined favourable variance of £248,000 at the end of November; Income from Legal work in connection with s.106 agreements is £14,000 ahead of profile. Income from car parking is currently £39,000 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 is being used for efficiency work in Building Control.
7. Some expenditure on Asset Maintenance work is behind profile whilst quotes are being obtained, giving a variance of £15,000.
8. **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £252,000 below budget, but £87,000 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, although the pay offer has now been accepted, the first payment under the award arrangements will not be made until December.
9. **Other Variances** include some savings on CCTV (transmission costs) £27,000; deferred expenditure on administrative supplies £30,000; 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 £148,000.
10. **Direct Services** – Direct Services' results show a positive variance of £111,000 compared to budget.

Year End Forecast

11. The year-end position is forecast to be £460,000 better than budget.
12. The re-negotiation of the partnership agreement with Dartford BC will continue in 2015/16 (SCIA 11)
13. External Audit fees will be £30,000 below budget in 2014/15 and this is offered as a saving for 2015/16 (SCIA 10).
14. Direct Services expect to achieve a surplus that is £101,000 better than budget.
15. Income from off street car parking is forecast to be £80,000 below budget at the year end.

16. Budgets for Discretionary Rate Relief (£106,000) 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;
 - Set up costs for the new Economic Development budget may exceed the budget; the situation is being closely monitored;
 - Potential for in-year overspend on property asset maintenance costs dependant on survey works currently being scheduled for a number of assets;
 - the Benefits workload is at a higher level than before the recession and additional resources are being used to address this; it is uncertain when Universal Credit will impact on this council;
 - Tax collection rates, though currently in line with the previous year are vulnerable and we are being proactive in contacting Council Tax Support customers;
 - Benefit Fraud will move to the DCLG in February 2016. Unfortunately, a grant bid requesting funding for a corporate fraud team with Dartford BC to increase fraud work on Council Tax, was unsuccessful due to a high number of bids;
 - Following the introduction of retained business rates, the responsibility for payment of backdated appeals rests with this Council. The impact of any successful appeals is being closely monitored.
 - Fee income in Planning is ahead of profile; application numbers & income will be kept under close review now the new CIL 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.
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 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.

Appendices

Appendix – November Budget Monitoring - Summary

Background Papers:

None

Adrian Rowbotham

Chief Finance Officer