

Council Offices  
Argyle Road  
Sevenoaks  
Kent  
TN13 1HG



Despatched: 14.02.2017

## **SUPPLEMENTARY AGENDA (1)**

The Chairman has agreed to take this as an urgent item as it was not included in the original agenda despatched yesterday and the next meeting of Council is not until April.

- 6 d) Financial Results 2016/17 - to the end of September 2016 (Pages 1 - 8)

For any other queries concerning this agenda or the meeting please contact:  
Democratic Services (01732 227000/ [democratic.servces@sevenoaks.gov.uk](mailto:democratic.servces@sevenoaks.gov.uk))

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**Item 6 (d) - Financial Results 2016/17 - to the end of September 2016**

**Recommendation to Council: That a supplementary estimate of £210,000 be approved in respect of timing issues arising from the Council's Property Investment Strategy.**

The attached report was considered by the Cabinet, relevant minute extract below:

Cabinet - 1 December 2016 (Minute 54)

The Portfolio Holder for Finance presented the report which on the Council's financial results 2016/17 to the end of September 2016, which showed the year end position forecast was currently an adverse variance of £284,000. The report provided information on the budget monitoring position as at end of September 2016.

The Head of Finance further reported that at the end of September there was an unfavourable year end forecast variance of £284,000 and that within that variance there were several items where additional revenue expenditure would be incurred (or income lost) in the financial year as a consequence of longer term capital projects expected to generate income in later years.

She reported that the net income in 2016/17 from acquisitions would be £110,000 less than originally budgeted due to refurbishment works and a rent free period awarded at the start of a new ten year lease. She reported that this would result in additional income over the 10-year budget period that would more than compensate for the deficit. Finance Advisory Committee had therefore recommended a supplementary estimate of £210k in respect of those items.

She advised that the results for end of October were available and had been emailed to Cabinet Members. She reported that subject to approval of the supplementary estimate, the latest forecast was an unfavourable variance of £17,000

The Finance Advisory Committee had considered the same report and had agreed to recommend it to Cabinet to approve a supplementary estimate to cover the revenue consequences arising from the Investment Strategy.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

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Resolved: That

- a) the report be noted ; and
- b) a supplementary estimate of £210,000 be approved in respect of timing issues arising from the Council's Property Investment Strategy.

**FINANCIAL RESULTS 2016/17 - TO THE END OF SEPTEMBER 2016**

**Council - 21 February 2016**

Report of Chief Finance Officer

Status: For consideration

Also considered by: Cabinet - 1 December 2016

Finance Advisory Committee - 15 November 2016

Key Decision: No

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

Portfolio Holder Cllr. John Scholey

Contact Officer Helen Martin Ext. 7483

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

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

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**Reason for recommendation:** Sound financial governance of the Council.

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**Overall Financial Position**

1 The year-end position is currently forecast to be an adverse variance of £284,000. This forecast includes any significant accruals.

**Key Issues for the year to date**

2 Property Investment Strategy Income - this represents income derived from the acquisitions of commercial property in Sevenoaks and Swanley. The net income from acquisitions to date will be £110,000 less than originally budgeted for 2016/17 due to refurbishment works and a rent free period awarded at the start of a new ten year lease. This will result in additional income over the 10-year budget period that will more than compensate for this deficit. Investigations into further acquisitions are continuing in line with the strategy.

3 Pay costs - the actual expenditure to date on staff costs, (including agency cover and costs of advertising for professional posts, but excluding those who are externally funded) is £43,000 less than budget. There are variances in

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individual areas and the larger variances are explained in the Chief Officer commentaries.

### Year End Forecast

- 4 The year-end position is forecast to be an unfavourable variance of £284,000. Within that variance are several items where additional revenue expenditure will be incurred in this financial year as a consequence of longer term capital projects that will generate income in later years.
- 5 Asset Maintenance work at our Leisure sites, including work at White Oak that was required to continue safe operation, is now forecast to cost £30,000 over budget.
- 6 Car Park income is currently below budget and forecast to be £50,000 worse than budget for 16/17. Bradbourne Car Park closed in August and this has resulted in loss of income; however on street parking has delivered increased income.
- 7 Business Rates have been paid for two properties in Swanley that we are holding for future development and this has given rise to an unfavourable variance of £47,000.
- 8 Land Charges income is now forecast to be £40,000 worse than budget.
- 9 The budgeted surplus for the Direct Services Trading account is forecast to be £20,000 better than budget. The budgeted surplus has increased from £82,000 to £92,000 as part of budget adjustments for the Management Review (SCIA 20). Expenditure for the year is forecast to exceed budget by £39,000, however income is forecast to be £59,000 better than original budget.

### Future Issues and Risk areas

- 10 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:
  - Some property projects will incur revenue expenditure in advance before any income is received.
  - There is potential that asset maintenance on leisure centres, particularly White Oak, will exceed current budgets due to ageing assets;
  - The cost of diesel fuel may increase due to weakness of the £ against the US Dollar.
  - Planning fee income remains uncertain and is being closely monitored;
  - There remains the risk that planning decisions will be challenged, either at appeal or through the Courts;
  - Future Planning appeals may incur costs arising from specialist input.
- 11 This Council is entitled to retain 50% of extra income arising from increases in the business rate tax base, however this figure is subject to great volatility as

it is affected by the results of outstanding appeals and this area will be closely monitored.

- 12 Planned savings for 2016/17 total £412,000, including savings from the senior management re-structure, from partnership working, and from additional income generation, and these will be risk areas for the current and for future years.
- 13 The impact on financial markets and externally funded projects following the results of the Referendum in June 2016 will be monitored and addressed as part of the Council's risk management process.

## **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 - September Budget Monitoring

## **Background Papers:**

None

**Adrian Rowbotham**  
**Chief Finance Officer**

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## 2. Overall Summary

September 2016

2015/16
Actual as
Cabinet
May '16
£'000
1,556
2,555
4,089
5,057
1,207
14,464
(233)
(63)
(222)
97
14,043
(3,341)
(2,084)
(9,298)
0
(680)
(422)
(259)
(1,361)
1,331
(30)

Communities & Business	
Corporate Services	
Environmental & Operational Services	
Financial Services	
Planning Services	
<b>14,464</b>	
<i>Adjustments to Reconcile to amount to be met from reserves</i>	
Direct Services Trading Account	
Capital Charges outside the General Fund	
Support Services outside the General Fund	
Redundancy Costs	
<b>NET SERVICE EXPENDITURE</b>	
Revenue Support Grant and New Homes Bonus	
Retained Business Rates	
Council Tax	
Contribution from Collection Fund	
<u>Summary excluding Investment Income</u>	
Investment Property Income	
Interest Receipts	
<b>OVERALL TOTAL</b>	
Planned Appropriation to/(from) Reserves	
(Surplus)/Deficit	

Y-T-D	Annual	Annual	Annual	Annual
Actual	Budget	Forecast	Variance	Variance
£'000	£'000	(including Accruals) £'000	£'000	%
780	1,349	1,349	0	0.0
1,486	2,777	2,787	10	0.4
2,322	4,217	4,435	218	5.2
2,092	4,228	4,200	(28)	(0.7)
623	1,435	1,429	(6)	(0.4)
<b>7,303</b>	<b>14,006</b>	<b>14,200</b>	<b>194</b>	<b>1.4</b>
(159)	(92)	(112)	(20)	(22)
(29)	(60)	(60)	0	0
(86)	(165)	(165)	0	0
3	0	0	0	-
<b>7,032</b>	<b>13,689</b>	<b>13,863</b>	<b>174</b>	<b>1.3</b>
0	0	0	0	-
(976)	(1,951)	(1,951)	0	0.0
(4,836)	(9,672)	(9,672)	0	0.0
(167)	(333)	(333)	0	0.0
<b>1,054</b>	<b>1,733</b>	<b>1,907</b>	<b>174</b>	<b>10.0</b>
(267)	(500)	(390)	110	(22.0)
0	(250)	(250)	0	0.0
<b>788</b>	<b>983</b>	<b>1,267</b>	<b>284</b>	<b>28.9</b>
(492)	(983)	(983)	0	0
296	0	284	284	

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