

## FINANCIAL RESULTS 2015/16 – TO THE END OF SEPTEMBER 2015

### Cabinet – 3 December 2015

Report of	Chief Finance Officer
Status:	For consideration
Also considered by:	Finance Advisory Committee – 17 November 2015
Key Decision:	No

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

**Portfolio Holder** Cllr. Searles

**Contact Officer(s)** 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 Six months into the year the results to date show an overall favourable variance of £12,000.
- 2 The year-end position is forecast to be £159,000 worse than budget; just over 1.0% 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 **Property Investment Strategy Income** – this is a new income source and represents income derived from the recent acquisitions of commercial property. As at the end of September we had received £270,000 and this will be transferred to the Budget Stabilisation Reserve.
- 5 **Revenues and Benefits Partnership** - Within Finance, additional resources have been used to help address the Benefits workload and to be proactive in contacting Council Tax Support customers. The funding of this additional cost will be shared with Dartford BC with the SDC element funded from the agreed carry forward and

contributions from KCC, Fire and Police.

- 6 **Income** from On Street parking, Land Charges and Development Management is ahead of budget at the end of September. Other major income sources are currently below profiled budgets.
- 7 **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is, in total, within £12,000 of budget. There are variances in individual areas and the larger variances are explained in the Chief Officer commentaries.
- 8 **Corporate Savings** – there is a budget of £100,000 from vacancy savings and these savings are currently £20,000 ahead of schedule at the end of September.

### **Year End Forecast**

- 9 The year-end position is forecast to be £159,000 worse than budget.
- 10 Forecast net income of £383,000 from commercial letting of the recent Property Investment Strategy acquisitions is excluded from the forecast as it will be transferred to the Budget Stabilisation Reserve.

### **Unforeseen pressures on 2015-16 Budget**

- 11 Costs have been incurred at Farningham Woods for emergency felling of coppices and standard trees to try to contain the infestation of Oriental Chestnut Gall Wasp under instruction from DEFRA/Forestry Commission. There is a forecast of £40,000 for this work, though it is expected that there will be some income from timber sales to offset this.
- 12 Work on the Individual Electoral Registration Canvass is forecast to exceed budget by £56,000; the cost of the additional work is forecast to be greater than the amount of central government funding that we have received.
- 13 Tandridge District Council has terminated the agreement whereby Sevenoaks staff managed asset maintenance work and this has resulted in lost income of £10,000.
- 14 Asset Maintenance work at Hever Road site is forecast to exceed budget by £23,000. A SCIA growth item has been proposed in respect of future maintenance at this site.

### **Other forecasts for 2015-16**

- 15 Budgeted income of £36,000 from a Building Control shared management arrangement with Tonbridge and Malling Council will not be received this year as full shared working commenced in October 2014.

- 16 Income from sale of recycled glass is forecast to be £40,000 below budget for the year following adverse market fluctuations in the price of cullet.
- 17 Within Finance, support work to non-finance partnerships is mainly contained within existing resources and this gives rise to a favourable forecast of £28,000
- 18 Development Management Income is forecast to be better than budget due to a small number of high fee applications.
- 19 The budgeted surplus for the Direct Services Trading account has increased by £20,000 following a reallocation of savings required by SCIA21 (Back Office Savings).
- 20 An ongoing vacancy in Planning Enforcement will result in a forecast favourable variance of £29,000.

### **Future Issues and Risk areas**

- 21 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:
  - Asset Maintenance costs, including those for leisure centres, may increase, costs have already exceeded the original budget at the Hever Road site;
  - Universal Credit started in October 2015;
  - Benefit Fraud will move to the DCLG in February 2016. It is the intention to have a corporate fraud function after that date;
  - There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.
- 22 Planned savings for 2015/16 total £533,000, including efficiency savings, particularly from partnership working, and from additional income generation and these will be risk areas for the current and for future years.
- 23 We have just commenced working with a new software package which will enable us to make a more rigorous assessment of the outstanding business rate appeals. It should be noted that income from retained business rates may increase, as this Council is entitled to retain 50% of extra income arising from increases in the business rate tax base, however this figure will be affected by results of outstanding appeals.
- 24 Grant funding to local government has been reducing and this is a non-protected area and must be considered vulnerable in the future. Further information about government plans for future funding is expected to be announced in the Comprehensive Spending Review in November.
- 25 Chief Officers have been tasked by the Chief Executive to identify ways in which the forecast overspend can be addressed including bringing forward some of the

savings proposed for 2016/17 to mitigate the impact of the unforeseen items that have arisen in the current financial year.

## **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 -  
Summary

## **Background Papers:**

[Finance Advisory Committee 17 November 2015](#)

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