

FINANCIAL RESULTS 2015/16 - TO THE END OF NOVEMBER 2015

Cabinet - 4 February 2016

Report of Chief Finance Officer

Status: For consideration

Also considered by: Finance Advisory Committee - 25 January 2016

Key Decision: No

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

Portfolio Holder Cllr. Searles

Contact Officer Helen Martin Ext. 7483

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

Reason for recommendation: sound financial governance of the Council.

Overall Financial Position

- 1 Eight months into the year the results to date show an overall favourable variance of £179,000.
- 2 The year-end position is forecast to be £76,000 worse than budget; just over 0.5% 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 November we had received £292,000 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 Car Parks, On Street parking, Land Charges and Development Management is ahead of budget at the end of November
- 7 **Pay costs** - the actual expenditure to date on staff costs, (including agency staff but excluding those who are externally funded) is, in total, within £24,000 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 £14,000 ahead of schedule.

Year End Forecast

The year-end position is forecast to be £76,000 worse than budget.

Property Investment Strategy

- 9 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

- 10 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. The Forestry Commission has agreed to cover expenditure above £40,000.
- 11 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.
- 12 Tandridge District Council has terminated the agreement whereby Sevenoaks staff managed asset maintenance work and this has resulted in lost income of £13,000.
- 13 Asset Maintenance work at Hever Road site is forecast to exceed budget by £27,000.

Other forecasts for 2015-16

- 14 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.

- 15 The adverse variance of £30,000 for car parks expenditure relates to the rent for the leased area of Bligh's car park.
- 16 Income from sale of recycled glass is forecast to be £60,000 below budget 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 £40,000.
- 18 Development Management income is forecast to be £82,000 better than budget due to a small number of high fee applications.
- 19 An ongoing vacancy in Planning Enforcement will result in a forecast favourable variance of £30,000.
- 20 The budgeted surplus for the Direct Services Trading account increased by £20,000 following a reallocation of savings required by SCIA21 (Back Office Savings). In addition to that, a further favourable variance of £26,000 is forecast.
- 21 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 therefore a prudent assessment of £75,000 additional income has been included at this stage.

Future Issues and Risk areas

- 22 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 for leisure centres may exceed current budgets due to ageing assets; asset maintenance costs for Hever Road are currently under review;
 - Benefit Fraud will move to the DCLG in February 2016. A corporate fraud function will be in place after that date;
 - There remains the risk that planning decisions will be challenged, either at appeal or through the Courts;
 - Planning fee income remains uncertain and is being closely monitored;
 - Some significant appeals are scheduled and these could result in costs.
- 23 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.

24 Grant funding to local government has been reducing and this is a non-protected area and must be considered vulnerable in the future.

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