

## FINANCIAL RESULTS 2016/17 - TO THE END OF JULY 2016

### Finance Advisory Committee - 6 September 2016

Report of Chief Finance Officer

Status: For consideration

Also considered by: Cabinet - 15 September 2016

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. The year-end position is currently forecast to be £1,000 better than budget.
2. This forecast includes any significant accruals.

### Key Issues for the year to date

3. Property Investment Strategy Income - this represents income derived from the acquisitions of commercial property in Sevenoaks and Swanley. The income from acquisitions to date will be 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. Investigations into further acquisitions are continuing in line with the strategy.
4. 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 currently £70,000 greater than budget. There are variances in individual areas and the larger variances are explained in the Chief Officer commentaries.

## Year End Forecast

5. The year-end position is forecast to be a favourable variance of £1,000.
6. The budgeted surplus for the Direct Services Trading account is forecast to be £30,000 better than budget. Expenditure for the year is forecast to exceed budget by £29,000, however income is forecast to be £59,000 better than original budget.

## Future Issues and Risk areas

7. 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:
  - There is potential that asset maintenance on leisure centres, particularly White Oak, will exceed current budgets due to ageing assets;
  - Universal credit started in the district in 2015 but has had a minimal impact to date;
  - 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.
8. 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.
9. 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.
10. 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.

