

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

Cabinet - 1 December 2016

Report of Chief Finance Officer

Status: For consideration

Also considered by: Finance Advisory Committee - 15 November 2016

Key Decision: No

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

Portfolio Holder Cllr. Scholey

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 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 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