

FINANCIAL RESULTS 2015/16 - TO THE END OF FEBRUARY 2016

Cabinet - 21 April 2016

Report of Chief Finance Officer

Status: For consideration

Also considered by: Finance Advisory Committee - 18 April 2016

Key Decision: No

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

Portfolio Holder Cllr. Searles

Contact Officer(s) 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. Eleven months into the year the results to date show an overall favourable variance of £185,000.
2. The year-end position is now forecast to be £144,000 better than budget; just under 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 acquisitions of commercial property in Sevenoaks and Swanley. As at the end of February we had received £383,000 in rental income 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 February.
7. Pay costs - the actual expenditure to date on staff costs, (including agency staff but excluding those who are externally funded) is £40,000 less than 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.

Year End Forecast

9. The year-end position is forecast to be £144,000 better than budget.

Property Investment Strategy

10. Forecast net income of £383,000 from commercial letting of the 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. There were unforeseen pressures on the 15-16 budget which gave rise to some significant unforeseen costs:
 - Farningham Woods £40,000; the Forestry Commission has agreed to cover expenditure above £40,000.
 - Individual Electoral Registration Canvass £56,000 - there is a growth item in 2016-17 relating to the ongoing costs.
 - Tandridge District Council / asset maintenance staff support 13,000.
 - Asset Maintenance work at Hever Road site £27,000.

Other forecasts for 2015-16

12. External Print Income is most significant reason for Support - General Administrative costs having a favourable forecast of £51,000.
13. 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. Fee income is also forecast to be below budget by £38,000.
14. The adverse variance for car parks expenditure includes £30,000 relating to the rent for the leased area of Bligh's car park.

15. Income from sale of recycled glass is forecast to be £60,000 below budget following adverse market fluctuations in the price of cullet.
16. Within Finance, support work to non-finance partnerships is mainly contained within existing resources and this gives rise to a favourable forecast of £57,000.
17. Development Management income is forecast to be £44,000 better than budget due to a small number of high fee applications.
18. An ongoing vacancy in Planning Enforcement will result in a forecast favourable variance of £30,000.
19. 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 £132,000 is forecast. Expenditure for the year is forecast to be below £95,000 budget whilst income is forecast to be £37,000 better than original budget
20. 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 an estimated assessment of £150,000 additional income has now been included.

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 for Hever Road are currently under review;
 - There is potential that asset maintenance on leisure centres will exceed current budgets due to ageing assets.
 - Benefit Fraud moved to the DCLG in February 2016. A corporate fraud function is now in place;
 - 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 on sites in Swanley are scheduled and these could result in costly public inquiries.
 - There was an expectation that CIL and planning obligation software would be operational this year, however issues around legislative changes suggest that there may be a need to carry this budget forward.

22. Planned savings for 2015/16 totalled £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.

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 - February Budget Monitoring -
Summary

Background Papers:

None

Adrian Rowbotham

Chief Finance Officer