

*Budget Monitoring Sheets for September 2016*

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## **BUDGET MONITORING - Strategic Commentary - As at 30<sup>th</sup> September 2016**

### **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. 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.

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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 expenditure is incurred.
- 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.

### Contacts:

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## Communities and Business –September 2016 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Economic Development Property	12		Spend is ahead of profile. Some expenditure on projects in advance of any income.
Homeless	(10)		Underspend on the allocated budget as B&B expenditure has been lower than expected to date, due to homelessness prevention work of team
Housing	21		WKHA have not yet invoiced for the management of the Housing Register, therefore showing an understand based on profiling
Choosing Health WK PCT	(12)		Underspend on external funding from Public Health received in advance but will be on target at year end
West Kent Partnership Business Support	(21)		This is external funding received in advance and will be zero at year end
Salaries Externally funded	(28)		Externally funded projects – funding received in advance

### Future Issues/Risk Areas

Some property projects will incur revenue expenditure in advance – before any income is received. This is likely to be offset by an underspend in salaries and is being monitored.

**Lesley Bowles**  
**Chief Officer Communities and Business**  
**October 2016**

### Corporate – September 2016 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Asset Maintenance IT	(24)		Spend as per 10 year asset maintenance plan – surplus to IT Asset Maintenance reserve at year end as agreed
Democratic Services	(11)		Underspend on salaries due to maternity leave
Elections	72		Current position shows as an overspend as not all expenditure for elections (PCC & Referendum) has been reclaimed yet
Register of Electors	(48)	10	Received Grant of £20k from Cabinet Office in one payment, expenditure across year expected to be in excess of allocated budget. Also Canvassing costs not yet accounted for in these figures
Administrative Expenses – Human Resources	17		Current overspend due to cost incurred for external advice
Support – Contact Centre	(11)		Underspend due to staffing movements, expected end of year position as per allocated budget
Support – Legal Function	(24)		End of year position expected as per allocated budget
Salaries	(11)		Current underspend due to vacant posts and maternity leave

Future Issues/Risk Areas

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**Chief Officer – Corporate Support**  
**October 2016**

## Environmental and Operational Services – September 2016 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Asset Maintenance Argyle Rd	(29)		Works currently underway to both lifts to ensure safe continuous operation.
Asset Maintenance Car Parks	(10)		Works planned for later in the year.
Asset Maintenance Direct Services	(14)		Works planned for later in the year.
Asset Maintenance Leisure	67	30	Urgent works undertaken at White Oak Leisure Centre to ensure safe continuous operation. Also, works undertaken at Sevenoaks Leisure Centre and Lullingstone Golf Club. Some expenditure to be drawn down from 2015/16 c/fwd and from approved supplementary estimate.
Building Control	33		Allocation of staffing costs exceeding budget expectations; BC hub incurring agency costs in relation to T&M posts. Income actually £6,000 above profile.
Car Parks	91	50	Income £44,000 below profile, mainly on day tickets and season tickets for Bradbourne. Bradbourne car park temporarily closed from August 2016; to re-open in April 2017. Reflected in increased income for on-street parking. 2 <sup>nd</sup> quarter rent paid for new area of Blighs car park.
Car Parking – On Street	(48)		Income currently £89,000 above profile, mainly on pay and display (see above). Partly offset by expenditure on new pay and display machines and new enforcement management system (invest to save scheme). Any surplus achieved above budgeted surplus is paid into on-street ring fenced reserve, which can be used to support parking and traffic related expenditure.
CCTV	13	16	Budget contains challenging income target which will not be realised.
EH Environmental Protection	20		Income from registration of polluting premises expected to be received in 3 <sup>rd</sup> quarter.
Estates Management Buildings	49	47	Business rates paid in relation to property in Swanley, no longer with tenant (tenant previously covered business rates). This relates to 2015/16 and 2016/17. Rates will continue on these premises until demolished or re-occupied.

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Estates Management Grounds	15	15	Essential tree work not included in routine grass cutting maintenance costs.
Kent Resource Partnership	(188)		External income received ahead of expenditure.
Land Charges	29	40	Income currently £35,000 below challenging income target, partly offset by savings on salaries. £15,000 drawn down from reserves to cover legal expenses incurred.
Markets	(20)		Invoice for private land for Swanley market not received yet.
Parks & Recs	(29)		Bill not received from Swanley Town council for maintenance of Swanley sites April - July 2016. Work now undertaken by Direct Services.
Parks Rural	28		Further coppicing work undertaken in respect of infestation of Oriental Chestnut Gall Wasp; to be offset by sale of timber.
Refuse Collection	20	20	Income from sale of recyclables, particularly glass, below profile.
Support General Admin	(25)		Underspends on salaries, post room equipment, Post Office contract and scanning equipment.
Salaries Operational	(30)		Savings on salaries from Direct Services due to vacancies, partly offset by use of agency staff. Reflected in Direct Services Trading Accounts
Capital - Bradbourne MS	(1356)	65	Budget will be substantially spent this year as build programme ends in April 2017. Build budget still to £5.3m. Additional costs have been identified for items such as Contaminated Soil remediation.
Capital - Buckhurst 2	(1997)	(1000)	Revised scheme currently under consideration. Proposed budget £9.8m. To Council 22 November. Fee only expenditure estimated in 2016/17.
Capital - Improvement Grants (DFG's)	(27)		Funding from KCC received totalling £747,000. Spend to date £228,280.
Capital - Sennocke Hotel	(721)		Hotel scheme approved and budget allocated of £9.3m. Planning application to be approved 20.10.16. Build cannot commence until April 2017 at earliest. Fee only expenditure in 2016/17.
Vehicle Replacement	422		Vehicle replacement programme ahead of profile. Will be contained within approved budget of £514,000.

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Direct Services Trading Accounts - Overall	(28)	(20)	Annual Budget surplus increased by £10,000 to £92,000. Income 52,000 above profile. Expenditure £24,000 below profile. Current surplus is £159,000 against a profiled surplus of £131,000.

Future Issues/Risk Areas

Cost of Diesel due to weakness of Pound against the Dollar.

**Chief Officer Environmental & Operational Services**  
**October 2016**

### Finance – September 2016 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Corporate Savings	76		Adjustments to budgets relating to vacant posts will be updated within future budget monitoring which is expected to significantly reduce the adverse variance reported this month.
Dartford Partnership Hub (SDC costs)	(107)	(4)	Additional Fraud funding from KCC to address Single Person Discounts.
Members	(10)	(3)	Underspend on Members expenses.
Misc. Finance	19	1	External assistance obtained for annual accounts to be offset by underspend on external auditors as agreed by Cabinet. External VAT advice.
Salaries	(49)		Some Benefits posts filled by agency staff until August.
Investment Property Income	26	110	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.

Future Issues/Risk Areas

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**Chief Finance Officer**  
October 2016

### Planning – September 2016 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Conservation	14	10	This is a result of additional resource to support the Development Management and Local Plan work.
Planning – CIL Administration	25		This is the 5% of monies received that can be used for administrative purposes and will be used in part to enhance our monitoring procedures.
Planning – Development Management	(85)	(20)	The year to date position reflects a relatively small number of high fee applications and an underspend on salaries due to staff turnover and resultant vacancies.
Planning Policy	(44)		This reflects the fact that grants are yet to be paid, and profiling of transfer to reserves.
Salaries	(39)		This is a result of vacancies from multiple changes in posts, some of which remain unfilled

#### Future Issues/Risk Areas

There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.  
 Application fee income remains uncertain and will be monitored closely.  
 Staff turnover is currently high, and recruiting to vacant posts is increasingly difficult.

**Chief Planning Officer  
 October 2016**