

Budget Monitoring Sheets for October 2016

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BUDGET MONITORING - Strategic Commentary - As at 31st October 2016

Overall Financial Position

1. The year-end position is currently forecast to be an unfavourable variance of £17,000, subject to Cabinet and Council approval to a supplementary estimate of £210,000 that was recommended by Finance Advisory Committee on 15th November.

Key Issues for the year to date regarding Property Investment Strategy

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. 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.
4. 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.

Other issues for year to date

5. 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 £41,000 less than budget. There are variances in individual areas and the larger variances are explained in the Chief Officer commentaries.

Year End Forecast

6. Against the original approved budget the year-end position is forecast be an unfavourable variance of £243,000, however, 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. Finance Advisory Committee at their meeting on 15th November

recommended to Cabinet that a supplementary estimate should be approved to cover the short term revenue consequences of the Property Investment Strategy.

7. Building Control income is currently below profile and employee and agency costs will exceed budget.
8. Land Charges income is now forecast to be £40,000 worse than budget following a challenging income target, but offset by some salary savings.
9. Refuse Collection – Income from sale of recycle, particularly glass, is expected to be £30,000 worse than budget.
10. The budgeted surplus for the Direct Services Trading account is forecast to be £61,000 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 £27,000, however income is forecast to be £88,000 better than original budget.

Future Issues and Risk areas

11. 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;
 - Additional developers have been employed within IT to achieve key projects; they will be funded from the Corporate Projects Reserve;
 - 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;
 - Staff turnover is currently high in Planning and recruiting to vacant posts is increasingly difficult.
12. 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.
13. 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.

14. 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.

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Communities and Business –October 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	20		This is for work on feasibility and other studies required in advance of development. It is likely to be balanced by staffing underspend at the year end and some of the costs will be capitalised according to the capital projects they support.
HERO	12		This service is externally funded and additional sources of funding are currently being sought.
Choosing Health WK PCT	(22)		This is external funding received in advance and will be zero at the year end
West Kent Partnership Business Support	(20)		This is external funding received in advance and will be zero at the year end
Salaries Externally funded	(33)		This in part relates to the underspend mentioned in the Economic Development Property section above, and the profiling on several projects.

Future Issues/Risk Areas

The Economic Development/Property budget funds feasibility and other work in the lead up to property investment or development and because of the significant amount of work currently being undertaken this is overspending. However, some of this will be offset by an underspend on staffing and some will be capitalised according to the projects it relates to. This is being closely monitored.

**Chief Officer Communities and Business
November 2016**

Corporate – October 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	(51)		Spend as per 10 year asset maintenance plan – surplus to IT Asset Maintenance reserve at year end as agreed
Democratic Services	(13)		Underspend on salaries due to maternity leave
Elections	82		Current position shows as an overspend as not all expenditure for elections has been reclaimed yet
Register of Electors	(14)	10	Received Grant of £20k from Cabinet Office in one payment, expenditure expected to be as per budget.
Administrative Expenses – Human Resources	18		Current overspend due to cost incurred for external advice
Support- General Admin	(13)	(10)	Underspend due to savings on printer contracts. (XAYA 50000 4825)
Support – Legal Function	(26)		Current underspend on salaries due to structural changes, likely to be balanced by year end.
Support – Local Offices	(23)		Current underspend due to vacant posts and maternity leave
Salaries	34	76	Additional Developers within IT currently funded from Corporate Projects Reserve to achieve key projects.

Future Issues/Risk Areas

Additional Developers within IT currently funded from Corporate Projects Reserve to achieve key projects.

**Chief Officer – Corporate Support
November 2016**

Environmental and Operational Services – October 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	(32)		Works completed to both lifts to ensure safe continuous operation.
Asset Maintenance Car Parks	(11)		Works planned for later in the year.
Asset Maintenance CCTV	(10)		Works planned for later in the year.
Asset Maintenance Direct Services	(17)		Works planned for later in the year.
Asset Maintenance Leisure	29		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 carry forward and from approved supplementary estimate.
Building Control	58	26	Overspend on salaries and from BC hub (Agency Staff). Income currently £10,000 below profile.
Car Parks	101	66	Income £47,000 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 nd quarter rent paid for new area of Blighs car park. <i>Reflects potential loss of income for free Christmas parking (Council 22/11/2016).</i>
Car Parking – On Street	(78)		Income currently £125,000 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 held in a ring fenced reserve, which can be used to support parking and traffic related expenditure.

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
CCTV	18	20	Budget contains challenging income target which will not be realised.
EH Environmental Protection	11		Spend on air quality monitoring ahead of profile. Income from registration of permitted premises profiled, but not received until 3 rd quarter.
Estates Mgt Buildings	51	47	Business rates paid for in relation to a property in Swanley, no longer with tenant (tenant previously covered business rates). This relates to 2015/16 and 2016/17. Rates will continue to be due on these premises until demolished or re-occupied.
Estates Mgt Grounds	15	15	Essential tree work not included in routine maintenance budgets.
Kent Resource Partnership	(52)		Projects planned for later in the year.
Land Charges	36	40	Income currently £40,000 below challenging income target, partly offset by savings on salaries.
Markets	(18)		Invoice for rent of private land for Swanley Market not received yet. Three month rent free period negotiated.
Parks & Recs	(25)		Bill still not received from Swanley Town council for maintenance of Swanley sites (April-July 2016). Work not undertaken by Direct Services.
Refuse Collection	37	30	Income from sale of recycle, particularly glass, below profile.
Support- Central Offices	(19)		Rents for Argyle Road office, received ahead of profile.
Support General Admin	(23)	(10)	Savings on salaries, post room equipment and scanning equipment.
Taxis	(16)		Income £10,000 above profile.
Salaries Operational	(34)		Savings on salaries for Direct Services, partly offset by use of agency staff. Reflected in Direct Services Trading Accounts.

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Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Capital-Bradbourne MS	65	65	Budget will be substantially spent this year as build programme ends in April 2017. Build budget still to be £5.3m. Additional costs have been identified for items such as contaminated soil remediation.
Capital-Buckhurst 2	(1000)	(1,000)	Revised scheme currently under consideration. Proposed budget £9.8m. To full Council on 22 nd November. Fee only expenditure estimated in 2016/17.
Capital-Improvement Grants (DFG's)	(43)		Total funding now £747,000. Spend to date £268,478.
Sennocke Car Park	(846)		Hotel scheme approved and budget allocated at £9.3m. Planning application approved 20.10.16. Build cannot commence until April 2017 at the earliest. Fee only expenditure in 2016/17.
Vehicle Purchases	120		Vehicle replacement programme ahead of schedule. Will be contained within overall approved budget of £514,000 plus c/f from 15/16.
Direct Services Trading Accounts - Overall	(95)	(61)	Income £119,000 above profile. Expenditure £24,000 above profile. Surplus £224,000 against a profiled surplus of £129,000.

Future Issues/Risk Areas

Cost of diesel due to weakness of pound against the dollar.

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

Finance – October 2016 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Dartford Partnership Hub (SDC costs)	(126)	(4)	Additional Fraud funding from KCC to address Single Person Discounts.
Local Tax	34	(4)	Analyse Local service utilised to identify additional rateable properties; cost off-set by additional business rate income generated. Vacancy saving adjustment taken.
Members	(13)	(3)	Underspend on Members expenses.
Misc. Finance	16	31	External assistance obtained for annual accounts to be offset by underspend on external auditors as agreed by Cabinet. External VAT advice.
Support- Finance Function	14	11	Finance team restructure resulted in a hand over period when all staff were in post.
Salaries	(39)		Some Benefits posts filled by agency staff until August.
Investment Property Income		110	Net income will be less than originally budgeted for 16/17 due to refurbishment works and a rent free period awarded at the start of a new lease. Additional income over the 10-year budget period will more than compensate for this deficit.

Future Issues/Risk Areas

Universal Credit started in the District in October 2015 but has had minimal impact to date.

Chief Finance Officer
November 2016

Planning – October 2016 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Administrative Expenses – Planning Services	15		This reflects the cost of training (university) as more recent recruits have been at the lower end of the career grade, and spending ahead of profiled budget.
Conservation	16	10	This is a result of additional resource to support the Development Management and Local Plan work.
Planning - Appeals	19	4	Includes costs of legal representation at Public Enquiries on appeals.
Planning – Development Management	(60)	(40)	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.

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
 November 2016**