

Budget Monitoring Sheets for January 2017

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BUDGET MONITORING - Strategic Commentary - As at 31st January 2017

Overall Financial Position

1. The year-end position is currently forecast to be an unfavourable variance of £37,000 which is within 0.3% of our net service expenditure. The change in the forecast for January arises mainly from a decline in income expectations in the Car Parking, Land Charges and Planning budgets. Officers are examining expenditure and are optimistic that the final outturn can be a more favourable position.

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.
3. Car Park income is currently below budget and forecast to be £66,000 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.
5. Council on 22nd February agreed a supplementary estimate of £210,000 to cover these short term revenue consequences arising from the Property Investment Strategy.

Other issues for year to date

6. 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 £28,000 less than budget. There are variances in individual areas and the larger variances are explained in the Chief Officer commentaries.
7. Income – Land Charges income is £62,000 worse than the challenging income budget, but this is offset by some salary savings. Development Management income is currently £53,000 better than budget reflecting a small number of high fee applications.

Year End Forecast

8. The year end forecast is an unfavourable variance of £37,000.
9. Corporate salaries will exceed original budget following the appointment of additional IT development staff, but these costs will be met from the Corporate Projects Reserve.
10. Building Control income is currently below profile and employee and agency costs will exceed budget.
11. Car Parks – Year end forecast is £120,000 unfavourable. Income is below budget due to closure of Bradbourne and some additional maintenance work is being undertaken.
12. Parks Rural – costs are likely to exceed budget this year by £60,000 because of the costs of coppicing work at Farningham Woods. These costs will be offset by additional income that will be received in 2017/18.
13. Refuse Collection – Income from sale of recyclate, particularly glass, is expected to be £30,000 worse than budget.
14. The budgeted surplus for the Direct Services Trading account is forecast to be £111,000 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 £64,000, however income is forecast to be £175,000 better than original budget.
15. Planning salaries are forecast to be £77,000 under budget following multiple changes in post, some of which remain unfilled.

Future Issues and Risk areas

16. 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;
 - Fluctuations in the price of diesel;

- Universal credit started in the district in October 2015 but has had 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; the Council has received an indication of significant appeal costs for cases in Swanley and Edenbridge;
 - Staff turnover is currently high in Planning and recruiting to vacant posts is difficult.
17. 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 is being closely monitored. An initial forecast of £23,000 additional income has been included at this stage.
18. Planned savings for 2017/18 total £344,000, including savings from partnership working, and from additional income generation, and these will be risk areas for future years.
19. The impact on financial markets and externally funded projects following the results of the Referendum in June 2016 is being monitored and addressed as part of the Council's risk management process.

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Communities and Business –January 2017 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Economic Development Property	43	14	This is due to spending on feasibility studies and other preparation work for property investment projects and has been highlighted as a risk throughout the year. Some of this will be capitalised but there may be a shortfall of approximately £14k. This is being monitored.
Health Improvements	11	12	This overspend relates to salary costs being charged to Health instead of Housing – see below
Homelessness Funding	(13)	(10)	This underspend relates to salary costs which are being charged to Housing instead of Health – see Health improvements above.
Housing	(11)		The current underspend is a profiling issue and should be on target at the year end.
Leisure Contract	6	13	This overspend relates to increased salary costs following the reorganisation of the Health and Housing team. Corresponding savings have been made in the Housing salaries budgets across the reorganised areas.
Choosing Health WK PCT	(63)		This is external funding received in advance and will be zero at the year end.
West Kent Partnership Business Support	(17)		This is external funding received in advance and will be zero at the year end.
Salaries Externally funded	(43)	(48)	This underspend mainly relates to the Property Team and the allocation of externally funded salary costs, therefore showing as an underspend.
Salaries Housing Externally Funded	(12)	(10)	This relates to an admin vacancy and a reduction in staff hours. Some of this is funding a temporary post.
Capital Big Community Fund	11		These projects are charged to Capital throughout the year and drawn down from an earmarked reserve at the year end. Although the Big Community Fund is no longer making grant approvals, expenditure on some of the projects is yet to be drawn down by the successful applicants.
Property Investment Strategy	637		26-28 Pembroke This is expenditure within the £10m allocated sum for the Property Investment Strategy.
16 & 18 High Street , Swanley WMC/CAB	129		Site demolition and clearance. To be funded from Property Investment Strategy PPAC 1/3/16. This is expenditure within the £10m allocated sum for the Property Investment Strategy.

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
3 rd Floor, Suffolk House Extension & Refurbishment	199		Work to improve rental. To be funded from capital at the end of the year. This is expenditure within the £10m allocated sum for the Property Investment Strategy.

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 may be capitalised according to the projects it relates to. This is being closely monitored and currently looks like being around £14k overspend and a revised year end forecast is included above.

SCIA 20 dealt with the changes to Housing commencing 2016/17. Whilst changes were agreed, salaries were still charged to the original codes meaning that these codes would overspend and that corresponding Housing codes would underspend. The Housing codes are now split between 3 Chief Officers. This will change in 2017/18 when the correct allocations will be made to each Chief Officers' Housing codes.

Lesley Bowles
Chief Officer Communities and Business
February 2017

Corporate – January 2017 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Asset Maintenance IT	(105)		Spend as per 10 year asset maintenance plan – surplus to IT Asset Maintenance reserve at year end as agreed
Democratic Services	(15)	(12)	Underspend on salaries due to maternity leave. Future 16/17 spending at budget is likely to result in a year end underspend.
Register of Electors	12	(31)	Some savings on the overall cost of canvassing in 2016/17 and government grant received in connection with Individual Electoral Registration (IER)
Administrative Expenses Corporate Services	11		Additional expenditure on staff advertising plus mobile telephone costs ahead of profile
Administrative Expenses Legal & Democratic	14	18	It has not proved possible to meet a saving target on this budget heading but the forecast overspend here is offset by an underspend on Legal Support – see below
Administrative Expenses Human Resources	23	40	Current budget variance of £23k is due to on-going external legal advice. It is anticipated that this will increase to £40,000 by end of March.
Support – Contact Centre	(14)	(41)	Customer Services is currently looking at options to fill vacancies in the team to ensure performance levels can be sustained, whilst retaining a single vacancy to ensure a saving due to be made from 1 April without the need to consider a redundancy.
Support – General Admin	(12)	(10)	Timing of printer contract invoices and savings on photocopy paper
Support – Legal Function	(44)	(19)	Some additional income received this year offset by overspend in Administrative Expenses
Support – Human Resources	14	2	Overspend of £14k is due to over spend on the training budget due to not being allocated to specific areas, this is currently under review.
Salaries	46	65	Overspend on salaries for additional development resource offset by draw down from Corporate Project Reserve

Future Issues/Risk Areas

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

Jim Carrington-West
Chief Officer – Corporate Support
February 2017

Environmental and Operational Services – January 2017 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Asset Maintenance Other Corporate Properties	16		Works carried out to Otford Palace to make safe and ensure security. Expenditure funded by HLF grant.
Asset Maintenance Direct Services	(21)		Replacement water tank required plus other maintenance works to be undertaken.
Building Control	94	50	Income £14,000 below profile. Overspend on salaries and agency staff to cover vacancies and sickness to be shared with T&MBC as part of Building Control partnership.
Car Parks	139	120	Income £84,000 below profile due to temporary closure of Bradbourne (Season tickets and P&D). Reflected in increased income for on-street parking. Maintenance works carried out including replacing lighting
Car Parking – On Street	(95)		Income currently £159,000 above profile, mainly on pay and display due to temporary closure of Bradbourne. Any surplus achieved above budgeted surplus held in a ring fenced reserve to support parking and traffic related expenditure.
CCTV	22	20	Budget contains challenging income target which will not be realised.
Estates Management Buildings	37	47	Business rates paid for empty property in Swanley (Meeting Point building) 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 Management Grounds	20	20	Essential tree maintenance work not included in routine maintenance budgets.
Kent Resource Partnership	(76)		External income received ahead of expenditure. Any net income is carried forward into KRP project reserve.
Land Charges	55	60	Income currently £66,000 below challenging target. Partly offset by savings on salaries.
Licensing Regime	(13)	(8)	Income from fees £9,600 above profile.
Markets	(10)	(15)	Rent free period for Swanley market site agreed April – June 2016, plus extra income from Christmas market.

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Parks & Recs	(30)	(10)	Swanley Town Council not charging for maintenance of Swanley sites (April-July 2016). Work now undertaken by Direct Services. Tree works required.
Private Sector Housing	(12)	(10)	Salary savings.
Refuse Collection	(13)	30	Income from sale of recycling, particularly glass, below profile, due to reduction in price paid for materials. 3 rd quarter recycling credits received ahead of profile.
Administrative Expenses - Health	(12)	(10)	Savings on a number of headings.
Street Naming	(10)	(10)	Income £9,000 above profile.
Support- Central Offices	(24)		Rents for Argyle Road received ahead of profile.
Support General Admin	(41)	(30)	Savings on salaries, post room equipment and scanning equipment.
Public Conveniences	10	10	Budget contains income target which will not be realised.
Salaries – Building Control & Facilities	(14)	(20)	Unfilled vacancies in teams.
Salaries - Licensing	14		Overspend due to increasing admin support following London Borough of Bexley joining the Partnership. Offset by additional income.
Salaries Operational	(29)		Savings on salaries for Direct Services, partly offset by use of agency staff to cover vacancies and sickness. Reflected in Direct Services Trading Accounts.
Capital Vehicle Purchases	65		Vehicle replacement programme ahead of schedule. Will be contained within overall budget of £514,000 plus c/f from 2015/16.
Capital – Dunbrik Vehicle Workshop	93		There is a carry forward of £117,000 from 2015/16 not showing in the budget. Total contract outturn likely to be £128,000.
DFG – Capital Improvement Grants	(28)	66	Better Care Fund received totalling £747,000. £473,000 spent to date, expect to spend £600,000.

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Bradbourne Car Park	(930)		Budget will be substantially spent this year as build programme ends in April 2017. Build budget still to £5.3m. Additional client costs to be met from reserves or use of on-street surplus above budgeted surplus.
Capital Buckhurst 2	(3331)	(3,000)	Approved budget of £9.8m for revised scheme. Fee only expenditure in 2016/17.
Capital – Sennocke Hotel	(871)	(1,000)	Hotel scheme approved and budget approved of £9.3m. Planning application approved on 20.10.16. Build cannot commence until April 2017 at the earliest. Fee only expenditure in 2016/17.
Direct Services – Trading Accounts Overall	(160)	(111)	Income £208,000 above profile. Expenditure £48,000 above profile. Surplus £272,000 against a profiled surplus of £112,000.

Future Issues/Risk Areas

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

Richard Wilson
Chief Officer Environmental & Operational Services
February 2017

Finance – January 2017 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Corporate Management	27	(36)	Audit fee payments made ahead of budget profile.
Corporate – Other	31		From the savings the Council is able to derive from vacant posts it is forecast that the corporate savings targets will be met at year end.
Dartford Partnership Hub (SDC costs)	(168)		Additional Fraud funding from KCC to address Single Person Discounts.
External Communications	35		The variance has been created as invoices have been received and paid that do not align with the budget profiles. This will be reviewed for the coming year. However it is anticipated that at year end expenditure will be in accordance with the budgets available.
Local Tax	61	19	Analyse Local service utilised to identify additional rateable properties; cost off-set by additional business rate income generated.
Members	(19)	(17)	Underspend on Members expenses.
Misc. Finance	30	41	External assistance obtained for annual accounts to be offset by underspends on external auditors as agreed by Cabinet. External VAT advice.
Administrative Expenses Chief Executive	(13)	(13)	Various small underspends.
Support Finance Function	21	21	Finance team restructure resulted in a hand over period when all staff were in post.
Support – General Admin	(25)		Spending is under profile in a number of small budget areas, with the most substantial being in relation to public notices.
Treasury Management	11		Banking charges have been above budget for the year to date but the contract has recently been re-tendered which will result in lower charges going forward.
Salaries	(10)	(14)	Some Benefits posts filled by agency staff until August.

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Investment Property Income		92	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.

Adrian Rowbotham
Chief Finance Officer
February 2017

Planning – January 2017 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	19	14	This reflects the cost of training (university) as more recent planning officer recruits have been at the lower end of the career grade; and spending ahead of profiled budget and the payment of professional fees.
Conservation	23	25	This is a result of additional resource to support Development Management and Local Plan work.
Planning – Development Management	(88)	(76)	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 – Enforcement	(13)	(19)	This is a result of an underspend on an administrative post.
Planning Policy	(53)		This reflects the fact that grants are yet to be paid, staff turnover and profiling of the transfer to reserves.
Salaries	(45)	(77)	This is a result of vacancies from multiple changes in posts, some of which remain unfilled.
Affordable Housing	274		This will be financed at the end of the financial year from S106 planning obligations receipts. Payments include; West Kent HA, West Kent Extra plus Landlord Incentives
CIL Parish Councils	132		This is monies transferred to Town and Parish Councils under the CIL arrangements. This will be fully funded at the end of the financial year

Future Issues/Risk Areas

There remains the risk that planning decisions will be challenged, either at appeal or through the Courts, and we have received an indication of significant appeal costs in Swanley and Edenbridge.
Application fee income remains uncertain and will be monitored closely.
Staff turnover is currently high, and recruiting to vacant posts is difficult.

Richard Morris
Chief Planning Officer
February 2017