

*Budget Monitoring Sheets for June 2017*

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## **BUDGET MONITORING - Strategic Commentary - As at 30 June 2017**

### **Overall Financial Position**

1. The year-end position is currently forecast to be a favourable variance of £104,000 which represents 0.7% of our net service expenditure.

### **Key Issues for the year to date regarding Property Investment Strategy**

2. Property Investment Strategy Income –The net income from acquisitions to date will be £14,000 greater than originally budgeted for 2017/18, due to additional income from two properties acquired earlier this calendar year, offset by refurbishment works, maintenance costs incurred during void periods, and a rent free period awarded at the start of a new ten year lease for part of Suffolk House which will result in additional income over the 10-year budget period. 96 High Street was funded from internal borrowing and the annual repayment of £150,000 is also included in the year end forecast.

### **Other issues for year to date**

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 £73,000 below budget. There are variances in individual areas including Facilities, Operational Services and Planning; the larger variances are explained in the Chief Officer commentaries.
4. Income – Income from both Off-Street and On-Street parking is ahead of profile at the end of June. Forecast additional income of £118,000 from the additional spaces at the Bradbourne Car Park will help to offset the loan repayment cost for the investment property. Income from Development Management is also ahead of profile at the end of June.

### **Year End Forecast**

5. The year end forecast is a favourable variance of £104,000.
6. 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 £30,000.
7. Land Charges – An unfavourable forecast of £48,000 due to income expectations being below a challenging target.

8. Savings are expected in operating expenses for Argyle Road as a result of staff vacancies and electricity savings following the installation of LED lighting.
9. Investment Property – Net additional income of £14k is forecast.

### **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 capital projects commence;
  - Additional developers have been employed within IT to achieve key projects; they will be part funded from the Corporate Projects Reserve and part from savings generated elsewhere in the budget;
  - Universal Credit started in the district in October 2015 but has had minimal impact to date;
  - The expected government decision to raise planning application fees from 1 July 2017 has not materialised; latest information suggests the rise may now come in the Autumn;
  - 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 continues to be difficult.
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. The budget of £1,999,000 represents the safety net level and the actual receipts can only exceed that figure.
12. 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 the current and for future years.
13. The impact on financial markets, externally funded projects and rates of inflation following the results of the Referendum in June 2016 is being monitored and addressed as part of the Council's risk management process.

Contacts:

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Chief Finance Officer

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## Communities and Business – June 2017 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Homelessness	(10)		Underspend relating to fluctuations in call on bed and breakfast and temporary accommodation.
Homelessness Funding	(152)		This is external funding received in advance and needs to be profiled across the year. Will be zero at year end.
Housing Energy Retraining Options (HERO)	(45)		This is external funding received in advance and will be zero at year end.
West Kent Partnership	31		There are several invoices outstanding but this will be on target at the end of July.
Dunton Green Projects – S106	13		Funding for this project is held in an earmarked reserve and transferred at the year end.
Troubled Families Project	(22)		This is external funding received in advance and will be zero at year end.
Capital - Property Investment Strategy	80		This is mainly the option to purchase 2 properties on Croft Road. This will be funded from the Council approved Property Investment Strategy.

### Future Issues/Risk Areas

The ability to offset property related costs to capital is dependant on financial guidelines. These costs will be monitored therefore the prudent approach is to currently treat as revenue.

**Lesley Bowles**  
**Chief Officer Communities and Business**  
**July 2017**

## Communities and Business – June 2017 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Property Investment Strategy	(43)	(14)	This favourably revised forecast takes into account additional income from Pembroke Road and Sevenoaks High Street properties. It also caters for some voids during the course of the year.

Future Issues/Risk Areas

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**Lesley Bowles**  
**Chief Officer Communities and Business**  
**July 2017**

### Corporate Services– June 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	(58)		Spend as per 10 year asset maintenance plan – surplus to IT Asset Maintenance reserve at year end as agreed
Elections	31		The KCC accounts have not been submitted to KCC for the final 25% payment of the costs of running the election. All election staff have been paid
Land Charges	18	48	Challenging income target unlikely to be met.
Administrative Expenses Human Resources	21		Current overspend due to external advice
Support - Contact Centre	(17)		Underspend due to staff turnover, vacant posts in the process of being filled
Salaries	(11)		Underspend due to staff turnover, vacant posts in the process of being filled

#### Future Issues/Risk Areas

Contribution towards IT Development costs due to be met from savings elsewhere.

**Jim Carrington-West**  
**Chief Officer – Corporate Services**  
**July 2017**

### Environmental and Operational Services – June 2017 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	(17)		Maintenance planned for later in the year
Car Parks	(1)	(118)	<i>Additional income from additional spaces at Bradbourne</i>
Car Parking – On Street	(28)		Income currently £53,000 above profile. Areas for expenditure identified to support parking plans
Estates Mgt Buildings	23	30	Rates bill paid for Meeting Point building in Swanley. Rates will continue to be due until building demolished
Kent Resource Partnership	31		All partner Authorities now billed for their annual contribution to fully cover all expenditure.
Parks Rural	21		Coppicing works continue in Farningham Wood. Income to be recovered by sale of timber felled
Support – Central Offices	(35)	(10)	Income received for rent for Argyle Road offices ahead of profile. Savings on electricity costs from installation of LED lighting
Support General Admin	(21)	(25)	Savings on salaries due to vacancies
Taxis	(11)		June's payment for taxi tests due and slightly over profile on income
Salaries – Facilities	(23)		See comment on support service admin, above
Salaries – Operational Services	(43)		Savings on salaries due to vacancies, 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 Vehicle Purchases	(21)		Expenditure slightly behind profile. Vehicle replacement programme will be completed to budget in the year
Capital – DFG	(134)		Increased budget for 2017/18. Expenditure below profile. Any underspend at year end carried forward
Direct Services – Overall Trading Accounts	(51)		Income £10,000 below profile. Expenditure £61,000 below profile. Surplus is £134,000 against a profiled surplus of £83,000.

Future Issues/Risk Areas

Richard Wilson  
Chief Officer Environmental & Operational Services  
June 2017

### Finance – June 2017 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Corporate Other	35		From the savings the Council is able to derive from vacant posts, it is forecast that the corporate savings target will be met by the year end.
Dartford Partnership Hub (SDC Costs)	(19)		Additional New Burdens Grant received.
Equalities Legislation	(19)	(19)	The Council no longer belongs to the West Kent Equalities arrangement

#### 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**  
**July 2017**

### Planning – June 2017 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Planning Development Management	(55)		This is the result of an underspend on staff, several outstanding invoices, and several large fee applications
Planning Enforcement	(11)		This is the result of an underspend on staff. Recruitment to the vacant team leader post has been unsuccessful up to now
Planning Policy	(12)		This is also an underspend on staff, and several grants are still to be claimed, which is different to the profile
Salaries	(24)		This is the result of vacant posts which are in the process of being filled. Once recruited we will be in a better position to forecast
Capital - Affordable Housing	16		This will be financed at the end of the financial year from S106 planning obligations receipts.
Capital - S106	38		This is received Planning Obligations that have now been passed to KCC.
Capital - CIL Parish Councils	187		This is monies transferred to Town and Parish Councils under the CIL arrangements. Funded twice yearly.

## Future Issues/Risk Areas

The Government's commitment to raise planning application fees from 1 July 2017 has not materialised. Latest information suggests the rise may now come in the Autumn.

Pre-application fees will be revised in line with the Cabinet decision of March 2017, with new charges in the Autumn

There remains the risk that planning decisions and enforcement action will be challenged, either at appeal or through the Courts.

Application fee income is always uncertain and will be monitored closely.

Staff turnover has been high in the past year, and recruiting to vacant planning posts continues to be difficult.

**Richard Morris**

**Chief Planning Officer**

**July 2017**