

Budget Monitoring Sheets for May 2017

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BUDGET MONITORING - Strategic Commentary - As at 31 May 2017

Overall Financial Position

1. The year-end position is currently forecast to be a favourable variance of £86,000 which represents 0.6% 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 £164,000 greater than originally budgeted for 2017/18, due to additional income from two properties acquired earlier this calendar year, offset by refurbishment works 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.

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 £51,000 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 May.

Year End Forecast

5. The year end forecast is a favourable variance of £86,000.
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.

Future Issues and Risk areas

8. 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 now appears unlikely;
 - 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.
9. 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.
10. 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.
11. 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.

Contacts:

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Communities and Business –May 2017 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Homelessness Funding	(153)		This is external funding received in advance. Will be zero at year end.
Housing Energy Retraining Options (HERO)	(51)		This is external funding received in advance. Will be zero at year end.
Dunton Green Projects – S106	12		Funds for this project are drawn down from S106 allocated sum at the year end.
Troubled Families Project	(22)		This is external funding received in advance. Will be zero at year end
Capital -Property Investment	84		This expenditure is mainly re the Option to purchase on Croft Road. This will be funded out of the approved £10m Property Investment Strategy

Future Issues/Risk Areas

The ability to offset property related costs to capital is depended 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
June 2017

Communities and Business – May 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)	(164)	Additional income from Pembroke Road and Sevenoaks High Street properties. This cost centre has been forecast accordingly and will be monitored.

Future Issues/Risk Areas

Lesley Bowles
Chief Officer Communities and Business
June 2017

Corporate Services– May 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	(35)		Spend as per 10 year asset maintenance plan – surplus to IT Asset Maintenance reserve at year end as agreed
Elections	(91)		An advanced payment of £129,000 for the Parliamentary General Election on 8 June.
Land Charges	10	48	Challenging income target unlikely to be met.
Administrative Expenses Human Resources	21		Current overspend due to external advice
Support - Contact Centre	(11)		Underspend due to staff turnover, vacant posts now recruited

Future Issues/Risk Areas

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

Jim Carrington-West
Chief Officer – Corporate Services
June 2017

Environmental and Operational Services – May 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 Road	(11)		Maintenance planned for later in the year.
Estates Management Buildings	25	30	Rates bill paid for Meeting Point in Swanley. Building waiting to be demolished.
Kent Resource Partnership	19		All 13 Authorities billed for their annual contribution in June.
Support - Central Offices	(28)		Income received for rent of Argyle Road offices ahead of profile.
Support - General Admin	(16)		Savings on salaries due to vacancies.
Taxis	(12)		Bill for taxi tests not yet paid. Income higher than profile.
Salaries Facilities	(14)		Savings on salaries due to vacancies.
Salaries – Operational Services	(32)		Savings on salaries due to vacancies. Partly offset by use of agency staff. Reflected in Direct Services Trading accounts.
Direct Services Trading Accounts Overall	(15)		Income £31,000 below profile. Expenditure £46,000 below profile. Surplus £91,000 against a profiled surplus of £76,000.

Future Issues/Risk Areas

Richard Wilson
Chief Officer Environmental & Operational Services
June 2017

Finance – May 2017 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Corporate Other	24		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.

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
June 2017

Planning – May 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	(16)		This is the result of an underspend on staff, and outstanding invoices
Planning Policy	(16)		This is also an underspend on staff, and grants that are paid during the year
Salaries	(20)		This is the result of vacant posts which are in the process of being filled
Capital -Affordable Housing	11		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 now appears unlikely
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
June 2017